



FIRSTRAND BANK

FIRSTRAND BANK LIMITED

(Registration Number 1929/001225/06)

(incorporated with limited liability in South Africa)

ZAR80,000,000,000.00

Domestic Medium Term Note Programme

Under this ZAR80,000,000,000.00 Domestic Medium Term Note Programme (the “**Programme**”), FirstRand Bank Limited (the “**Issuer**”) may from time to time issue (i) unsecured or secured, or (ii) senior or subordinated registered notes (the “**Notes**”). Capitalised terms used in this Programme Memorandum are defined in the section of this Programme Memorandum headed “*Terms and Conditions of the Notes*” (the “**Terms and Conditions**”), unless separately defined, and/or in relation to a Tranche of Notes, in the Applicable Pricing Supplement.

This Programme Memorandum will apply to the Notes issued under the Programme in an aggregate outstanding Nominal Amount which will not exceed ZAR80,000,000,000.00 unless such amount is increased by the Issuer as set out in the section of this Programme Memorandum headed “*General Description of the Programme*”.

The Notes may comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Indexed Notes, Dual Currency Notes, Instalment Notes, Partly-Paid Notes, Exchangeable Notes, Extendible Notes and/or such combination of the foregoing Notes and/or such other type of Notes that are approved by the JSE, or its successor, or such other or further Financial Exchange(s), as may be determined by the Issuer and the relevant Dealer(s) and specified in the Applicable Pricing Supplement. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

This Programme Memorandum has been approved by the JSE and is listed on the Interest Rate Market of the JSE. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme but will not be regulated by the JSE. A copy of the signed Applicable Pricing Supplement relating to a Tranche of Notes which is to be listed on the Interest Rate Market of the JSE will be delivered to the JSE and the CSD before the Issue Date, and the Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement, in accordance with the Applicable Procedures. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the CSD for all trades done through the JSE. The placement of a Tranche of unlisted Notes may (at the sole discretion of the Issuer) be reported through the JSE reporting system, in which event the settlement of trades in such Notes will take place in accordance with the electronic settlement procedures of the JSE and the CSD for all trades done through the JSE. The settlement and redemption procedures for a Tranche of Notes listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified under the section headed “*Summary of Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an on-going basis. References in this Programme Memorandum to the “relevant Dealer” shall, in the case of Notes being (or intended to be) placed by more than one Dealer, be to all Dealers agreeing to place such Notes.

The attention of investors contemplating investing in the Notes is drawn to the section headed “*Risk Factors*” for a discussion of certain factors that should be carefully considered by prospective investors in connection with an investment in the Notes.

The Issuer may be rated by a Rating Agency on a national scale or international scale basis, which Rating (if applicable) will be reflected in the Applicable Pricing Supplement. As at the date of this Programme Memorandum, the Programme has been

rated zaAA (national scale rating for senior unsecured debt maturing in one year or more) and zaA-1 (national scale rating for senior unsecured debt maturing in less than one year) by S&P, (p)Baa2 (senior unsecured), (P)Ba1 (Basel III-compliant), (P)Ba1 (junior subordinated), (P)P-2 (short-term), A1.za (national scale rating senior unsecured), A3.za (national scale rating subordinated (Basel III-complaint), A3.za (national scale rating junior subordinated) and P-1.za (national scale rating short-term) by Moody's Investors Services Cyprus Limited and AA(zaf) (national long-term rating) and F1+(zaf) (national short-term rating) by Fitch. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to the Issuer, the Programme and/or a Tranche of Notes, as the case may be, as well as the Rating Agency which assigned such Rating. For so long as any Note remains outstanding and listed on the Interest Rate Market of the JSE, any change in any assigned Rating (if applicable) will be published by the Issuer on the Securities Exchange News Service ("**SENS**"), or any other similar service, established by the JSE, as soon as possible. The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Programme Memorandum, if appropriate, will be made available, which will describe the effect of the agreement reached in relation to such Notes.

Arranger, Dealer and Debt Sponsor

FirstRand Bank Limited (acting through its Rand Merchant Bank division)



FIRSTRAND BANK

Attorneys to Arranger and Issuer

ENSafrica

The logo for ENSafrica, featuring a stylized signature 'enS' followed by the word 'AFRICA' in a bold, sans-serif font.

Programme Memorandum dated 20 February 2015.

GENERAL

Words used in this section headed "General" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, as well as that the Programme Memorandum contains all information required by law and the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum, Applicable Pricing Supplement(s), the annual financial report (incorporated herein by reference), any amendments to any such annual financial report and/or any supplements from time to time except as otherwise stated therein. The Issuer certifies that to the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Programme Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates all information which is material in the context of the issue and the offering of Notes, that the information contained or incorporated in this Programme Memorandum is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Programme Memorandum are honestly held and that there are no other facts, the omission of which would make this Programme Memorandum or any of such information or expression of any such opinions or intentions false or misleading in any material respect.

This document is to be read and construed with any amendment or supplement thereto (this document, as amended, replaced or supplemented, the "Programme Memorandum") and in conjunction with any other documents which are deemed to be incorporated herein by reference (see section headed "*Documents Incorporated by Reference*") and, in relation to any Tranche of Notes, should be read and construed together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and are deemed to form part of this Programme Memorandum.

Claims against the BESA Guarantee Fund Trust (or any successor fund) may only be made in respect of trading in Notes listed on the JSE in accordance with the rules of the BESA Guarantee Fund Trust, if listed on the Interest Rate Market, and can in no way relate to trading on another licensed or recognised exchange or to a default by the Issuer of its obligations in terms of its obligations under the Notes.

The JSE takes no responsibility for the contents of the Programme Memorandum, any supplements thereto, or the annual report (as amended or restated from time to time), makes no representation as to the accuracy or

completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the Programme Memorandum, supplements thereto, or the annual report (as amended and restated from time to time).

The Arranger, the Dealers, the JSE, the CSD, the Debt Sponsor or any of their respective affiliates and other professional advisors named herein have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, whether express or implied, is made and no responsibility is accepted by the Arranger, the Dealers, the JSE, the CSD, the Debt Sponsor or other professional advisors as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arranger, the Dealers, the JSE, the CSD, the Debt Sponsor or their respective affiliates and other professional advisors do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other document entered into in relation to the Programme or any other information supplied by the Issuer in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, the Dealers, the JSE, the CSD, the Debt Sponsor any of their agents or employees or other professional advisors.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme should subscribe for, or purchase, any Notes.

Each person contemplating the subscription for, or purchase of, any Notes should determine for itself the relevance of the information contained in this Programme Memorandum and should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subscription for, or purchase of, Notes should be based upon any such investigation as it deems necessary. Neither this Programme Memorandum nor any Applicable Pricing Supplement nor any other information supplied in connection with the Programme constitutes an offer to sell or the solicitation of an offer to buy or invitation by or on behalf of the Issuer, the Arranger, or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Programme Memorandum nor any Applicable Pricing Supplement nor the offering, sale or delivery of any Note shall at any time imply that the information contained herein is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme is correct as at any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial

condition or affairs of the Issuer during the life of the Programme. Investors should review, inter alia, the most recent financial statements, if any, of the Issuer when deciding whether or not to subscribe for, or purchase, any Notes.

The distribution of this Programme Memorandum and any Applicable Pricing Supplement and the issue, sale or offer of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Memorandum or any Applicable Pricing Supplement or any Notes come are required by the Issuer, the Arranger and the Dealers to inform themselves about, and observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Programme Memorandum or any Applicable Pricing Supplement and other offering materially relating to the Notes, see the section headed "*Subscription and Sale*".

None of the Issuer, the Dealers, the Debt Sponsor or other professional advisors represents that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealers, the Debt Sponsor or other professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations, and the Dealers have represented that all offers and sales by them will be made on the same terms.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act"). Notes may not be offered, sold or delivered within the United States of America or to U.S. persons except in accordance with Regulation S under the Securities Act.

In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer, if any, that is specified in the Applicable Pricing Supplement as the stabilising manager (or any person acting for the stabilising manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the Applicable Laws and agreed with the JSE, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, for a limited period. However, there may be no obligation on the stabilising manager (or any agent of the stabilising manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all Applicable Laws, regulations and rules.

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DOCUMENTS INCORPORATED BY REFERENCE

Words used in this section headed "Documents Incorporated by Reference" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

For so long as any Note remains outstanding, the following documents shall be deemed to be incorporated in, and to form part of, this Programme Memorandum:

- (a) all amendments and supplements to this Programme Memorandum prepared by the Issuer from time to time;
- (b) the published annual report of the Issuer incorporating its audited annual financial statements, together with such statements, reports and the notes attached to or intended to be read with such financial statements of the Issuer for its 3 (three) financial years prior to the date of such issue as well as for each financial year thereafter ending on 30 June;
- (c) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme; and
- (d) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which is electronically submitted, after the date of this Programme Memorandum, by the Securities Exchange News Service ("**SENS**"), or such other similar service, established by the JSE,

save that any statement contained in this Programme Memorandum or in any of the documents incorporated by reference in and forming part of this Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Programme Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will, for so long as any Note remains outstanding, provide at the registered office of the Issuer as set out at the end of this Programme Memorandum, without charge, upon request of such person, a copy of this Programme Memorandum and any or all of the documents which are incorporated herein by reference, unless such documents have been modified or superseded. Requests for the documents should be directed to the Issuer at its registered office as set out at the end of this Programme Memorandum. This Programme Memorandum, Applicable Pricing Supplements and any supplementary documents thereto will be available on the JSE website, www.jse.co.za, and the Issuer's annual report, including the audited annual financial statements of the Issuer and this Programme Memorandum (and any supplementary documents thereto, including the Applicable Pricing Supplements) are also available on the Issuer's website, www.firststrand.co.za.

The Issuer will, for so long as any Note remains outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, if:

- (a) a material change in the condition (financial or otherwise) of the Issuer occurs; or
- (b) a material event has occurred which affects any matter contained in this Programme Memorandum, the disclosure of which would reasonably be required by Noteholders and/or potential investors in the Notes; or
- (c) any of the information contained in this Programme Memorandum becomes outdated in a material respect; or
- (d) this Programme Memorandum no longer contains all the materially correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (a), (c) and (d) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's audited annual financial statements if such audited annual financial statements are incorporated by reference into this Programme Memorandum and such audited annual financial statements are published, as required by the Companies Act, and submitted to the JSE within 6 (six) months after the financial year end of the Issuer.

The Issuer will, for so long as any Note remains outstanding and listed on the Interest Rate Market of the JSE, announce by electronically publishing such announcement on the Securities Exchange News Service ("**SENS**"), or any other similar service, established by the JSE, when the Issuer's audited annual financial statements are available.

GENERAL DESCRIPTION OF THE PROGRAMME

Words used in this section headed "General Description of the Programme" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer may from time to time issue one or more Tranches of Notes under the Programme, pursuant to this Programme Memorandum, provided that the aggregate outstanding Nominal Amount of all of the Notes issued under the Programme from time to time does not exceed the authorised Programme Amount.

A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, subject to Applicable Laws. Unlisted Notes may also be issued under the Programme but will not be regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange. If the Issuer issues a Tranche of unlisted Notes or a Tranche of Notes is listed on any Financial Exchange other than (or in addition to) the JSE, the Issuer will, by no later than the last day of the month of issue of that Tranche of Notes, inform the JSE in writing of the aggregate Nominal Amount and the Maturity Date (if any) of that Tranche of Notes.

This Programme Memorandum and any supplement will only be valid for the issue of Notes in an aggregate Nominal Amount which, when added to the aggregate Nominal Amount then outstanding of all the Notes previously or simultaneously issued under the Programme, does not exceed the authorised amount of ZAR80,000,000,000.00 or its equivalent in other currencies. For the purpose of calculating the South African Rand equivalent of the aggregate Nominal Amount of the Notes issued under the Programme from time to time, the South African Rand equivalent of the Notes denominated in another Specified Currency (as specified in the Applicable Pricing Supplement) shall be determined as of the date of agreement to issue such Notes (the "**Agreement Date**") on the basis of the spot rate for the sale of the South African Rand against the purchase of such Specified Currency in the South African foreign exchange market quoted by any leading bank selected by the Issuer on the Agreement Date (the "**Conversion Rate**") and in respect of:

- (a) Zero Coupon Notes and other Notes, the Conversion Rate shall be applied to the net subscription proceeds received by the Issuer for the relevant issue; and
- (b) Partly-Paid Notes and Index-Linked Notes, the Conversion Rate shall be applied to the Nominal Amount regardless of the amount paid up on such Notes.

From time to time the Issuer may wish to increase the Programme Amount. Subject to the Applicable Procedures, all Applicable Laws and the Programme Agreement (as defined in the section headed

“*Subscription and Sale*”), the Issuer may, without the consent of Noteholders, increase the Programme Amount by delivering a notice thereof to the Noteholders in accordance with Condition 18 (*Notices*) of the Terms and Conditions, and to the Arranger and the Dealer(s). Upon such notice being given to the Noteholders and the conditions set out in the Programme Agreement to the exercise of this right having been met, all references in this Programme Memorandum (and each agreement, deed or document relating to the Programme and/or this Programme Memorandum) to the Programme Amount will be, and will be deemed to be, references to the increased Programme Amount set out in such notice.

The Issuer may be rated by a Rating Agency on a national scale or international scale basis, which Rating (if applicable) will be reflected in the Applicable Pricing Supplement. As at the date of this Programme Memorandum, the Programme has been rated as set out on the cover page hereof. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. A Rating of a Tranche of Notes is not a recommendation to subscribe for, buy, sell or hold any Notes, and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

This Programme Memorandum will only apply to Notes issued under the Programme.

A summary of the Programme and the Terms and Conditions appears below.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Programme Memorandum and, in relation to the Terms and Conditions of any particular Tranche of Notes, the Applicable Pricing Supplement. Words and expressions defined in the Terms and Conditions shall have the same meanings in this summary.

- “Issuer”** FirstRand Bank Limited (registration number 1929/001225/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa and registered as a bank in terms of the Banks Act.
- “Arranger”** FirstRand Bank Limited (acting through its Rand Merchant Bank division) (registration number 1929/001225/06) (“RMB”), or such other entity appointed by the Issuer as Arranger, as specified in the Applicable Pricing Supplement.
- “Dealers”** RMB, and any additional Dealer appointed under the Programme by the Issuer from time to time, which appointment may be for a specific issue or on an on-going basis, subject to the Issuer’s right to terminate the appointment of such Dealer.
- “Debt Sponsor”** RMB, or such other entity appointed by the Issuer from time to time, provided that the Issuer shall maintain the appointment of at least one Debt Sponsor for so long as any of the Notes are listed on the JSE.
- “Calculation Agent”** RMB, or such other entity appointed by the Issuer as Calculation Agent, in which event that other entity will act as Calculation Agent, as specified in the Applicable Pricing Supplement.
- “Blocked Rand”** Blocked Rand may be used to subscribe for, or purchase, Notes, subject to the Exchange Control Regulations.
- “Clearing and Settlement”** Notes may be cleared and settled in accordance with the rules of the JSE and the CSD. The Notes have been accepted for clearance through the CSD, which forms part of the JSE clearing system that is managed by the CSD, and may be accepted for clearance through any additional clearing system as may be agreed between the JSE and the Issuer. As at the

date of this Programme Memorandum, the Participants include (but are not limited to) FirstRand Bank Limited, Nedbank Limited, Citibank N.A., South Africa branch, Standard Chartered Bank, Johannesburg branch, Société Générale, Johannesburg branch, The Standard Bank of South Africa Limited and the South African Reserve Bank (the “SARB”). Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, société anonyme (Clearstream Luxembourg) (“Clearstream”), may hold Notes through their Participant.

“Cross-Default”

The terms of the Notes will contain a cross-default provision relating to Financial Indebtedness for money borrowed or Guarantees having an aggregate outstanding amount equal to or greater than 10% (ten percent) of the Total Assets of the Issuer and its Subsidiaries (or the equivalent in any other currency or currencies), calculated at the time of the occurrence of an Event of Default.

“CSD”

Strate Proprietary Limited (registration number 1998/022242/07), registered as a central securities depository in terms of the Financial Markets Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s).

“Denomination”

Notes will be issued in such denominations as may be agreed by the Issuer and the relevant Dealer(s) and as indicated in the Applicable Pricing Supplement, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the Central Bank or regulator or any laws or regulations applicable to the Notes.

“Description of Programme”

FirstRand Bank Limited ZAR80,000,000,000.00 Domestic Medium Term Note Programme, dated 20 February 2015.

“Distribution”

Notes may be distributed by way of public auction or private placement or any other means permitted under South African law, and in each case on a syndicated or non-syndicated basis as may be determined by the Issuer and the relevant Dealer(s)

and reflected in the Applicable Pricing Supplement.

“Form of Notes”

Notes will be issued in certificated form or electronically in uncertificated form as described in the section headed “*Form of the Notes*”. Notes listed on the Interest Rate Market of the JSE must, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act.

“Governing Law”

The Notes will be governed by and construed in accordance with the laws of South Africa in force from time to time.

“Interest”

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked, and the method of calculating interest may vary between the Issue Date and the Maturity Date.

“Interest Period(s)/Interest Payment Date(s)”

The Interest Rate, Interest Payment Date(s) and Interest Period(s), if any, applicable to a Tranche of Notes will be specified in the Applicable Pricing Supplement.

“Issue and Transfer Taxes”

As at the date of this Programme Memorandum, no securities transfer tax or any similar tax is payable in respect of the issue, transfer or redemption of the Notes (see the section of this Programme Memorandum headed “*South African Taxation*”). Any future transfer duties and/or taxes that may be introduced in respect of (or are applicable to) the transfer of Notes will be for the account of Noteholders.

“Issue Price”

Notes may be issued on a fully-paid or a partly-paid basis and at their Nominal Amount or at a discount or premium to their Nominal Amount, as specified in the Applicable Pricing Supplement.

“Listing”

This Programme has been approved by the JSE for the listing of the Notes on the Interest Rate Market of the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to all Applicable Laws. Unlisted Notes may

also be issued under the Programme but will not be regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange(s).

“Maturities of Notes”

Such maturity(ies) that is/are acceptable to the JSE and as specified in the Applicable Pricing Supplement. The Notes are not subject to any minimum or maximum maturity.

“Negative Pledge”

Senior Notes will have the benefit of a negative pledge as described in Condition 7 (*Negative Pledge*) of the Terms and Conditions.

“Notes”

Notes may comprise:

“Fixed Rate Notes” Fixed Rate interest will be payable in arrear on such date or dates as may be agreed between the Issuer and the relevant Dealer(s), as indicated in the Applicable Pricing Supplement and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

“Floating Rate Notes” Floating Rate Notes will bear interest calculated at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quoting service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s).

The Margin (if any) relating to such floating rate will be agreed between the Issuer and

the relevant Dealer(s) for each issue of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

The Interest Period for Floating Rate Notes may be one, two, three, six or twelve months or such other period as the Issuer and the relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.

“Dual Currency Notes” Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.

“Exchangeable Notes” Exchangeable Notes may be redeemed by the Issuer in cash or by the delivery of securities as specified in the Applicable Pricing Supplement.

“Index-Linked Notes” Payments (whether in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes and whether at maturity or otherwise) will be calculated by reference to such index and/or formula as the Issuer and the relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.

“Instalment Notes” The Applicable Pricing Supplement will set out the dates on which, and the amounts in which, Instalment Notes may be redeemed.

Interest will accrue on the amount outstanding on the relevant Note from time to time and otherwise as specified in the Applicable Pricing Supplement.

“Mixed Rate Notes” Mixed Rate Notes will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Index-Linked Notes, each as specified in the Applicable Pricing Supplement.

“Partly-Paid Notes” The Issue Price will be payable in 2 (two) or more instalments as set out in the Applicable Pricing Supplement.

“Zero Coupon Notes” Zero Coupon Notes will be issued at their Nominal Amount or at a discount to it and will not bear interest (except in the case of late payment as specified).

“Other Notes” Terms applicable to any other type of Notes that are approved by the JSE, or its successor, or such other Financial Exchange(s) as may be selected by the Issuer in relation to an issue of listed Notes, or as agreed between the Issuer and the relevant Dealer(s) in respect of unlisted Notes, will be set out in the Applicable Pricing Supplement.

“Noteholders” The holders of the listed or unlisted registered Notes (as recorded in the Register). The CSD’s Nominee will be named in the Register as the registered Noteholder of each Tranche of Notes in uncertificated form and which is listed on the Interest Rate Market of the JSE. Each holder of Notes which is represented by an Individual Certificate will be named in the Register as the registered Noteholder of such Notes.

“Paying Agent” RMB, or such other entity appointed by the Issuer as Paying

Agent, in which event that other entity will act as Paying Agent, as specified in the Applicable Pricing Supplement.

“Rating”

The Issuer may be rated by a Rating Agency on a national scale or international scale basis, which Rating (if applicable) will be reflected in the Applicable Pricing Supplement. As at the date of this Programme Memorandum, the Programme is rated zaAA (national scale rating for senior unsecured debt maturing in one year or more) and zaA-1 (national scale rating for senior unsecured debt maturing in less than one year) by S&P, (p)Baa2 (senior unsecured), (P)Ba1 (Basel III-compliant), (P)Ba1 (junior subordinated), (P)P-2 (short-term), A1.za (national scale rating senior unsecured), A3.za (national scale rating subordinated (Basel III-complaint), A3.za (national scale rating junior subordinated) and P-1.za (national scale rating short-term) by Moody's Investors Services Cyprus Limited and AA(zaf) (national long-term rating) and F1+(zaf) (national short-term rating) by Fitch.

“Rating of Notes”

A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to a Tranche of Notes, as well as the Rating Agency or Rating Agencies which assigned such Rating or Ratings. A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

“Redemption”

The Applicable Pricing Supplement relating to a Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders (as the case may be) and, upon giving not less than 30 (thirty) nor more than 60 (sixty) calendar days irrevocable notice (or such other notice period (if any) as is indicated in the Applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may

be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the Applicable Pricing Supplement.

The Applicable Pricing Supplement may provide that Notes may be redeemable in 2 (two) or more instalments of such amounts and on such dates as indicated in the Applicable Pricing Supplement.

“Selling Restrictions”

The distribution of this Programme Memorandum and any offering or sale of or subscription for a Tranche of Notes may be restricted in certain jurisdictions, and is restricted by law in the United States of America and South Africa (see the section of this Programme Memorandum headed “*Subscription and Sale*”). Any other or additional restrictions which are applicable to the placing of a Tranche of Notes will be set out in the Applicable Pricing Supplement. Persons who come into possession of this Programme Memorandum or any Applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.

“Size of the Programme”

As at the date of this Programme Memorandum, the authorised Programme Amount is ZAR80,000,000,000.00. This Programme Memorandum will only apply to Notes issued under the Programme in an aggregate outstanding Nominal Amount which does not exceed the Programme Amount. The Issuer may increase the Programme Amount as described in the section of this Programme Memorandum headed “*General Description of the Programme*”.

“Specified Currency”

South African Rand (“**ZAR**”) or, subject to all Applicable Laws and in the case of Notes listed on the Interest Rate Market of the JSE subject to the rules of the JSE, such other currency as is specified in the Applicable Pricing Supplement.

“Stabilisation”

In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer, if any, that is specified in the Applicable Pricing Supplement as the stabilising manager (or any person acting for the stabilising manager) may, if specified in that Applicable Pricing

Supplement and only if such stabilising is permitted by the Applicable Laws and agreed with the JSE, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, for a limited period. However, there may be no obligation on the stabilising manager (or any agent of the stabilising manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all Applicable Laws, regulations and rules.

“Status of Senior Notes”

Unless otherwise specified in the Applicable Pricing Supplement, the Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

“Status and Characteristics relating to Subordinated Notes”

Unless otherwise specified in the Applicable Pricing Supplement, the Subordinated Notes constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* among themselves and will rank at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer.

Subject to Applicable Law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, curatorship or wound up, then and in any such event the claims of the persons entitled to be paid amounts due in respect of the Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness of the Issuer, to the extent that, in any such event, and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all of the persons entitled to be paid amounts due in respect of the Subordinated Notes in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer

which is admissible in any such dissolution, liquidation, curatorship or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

“Taxation”

All payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in South Africa unless such withholding or deduction is required by law.

For a summary of the current law in relation to the withholding or deduction of taxes levied in South Africa, see the section titled “*South African Taxation*” below.

In the event that withholding tax or such other deduction is required by law, then the Issuer will, subject to certain exceptions as provided in Condition 11 (*Taxation*), make such payments as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction. For a summary of the position in relation to issue and transfer taxes, see “**Issue and Transfer Taxes**” above.

“Transfer Agent”

RMB, or such other entity appointed by the Issuer as Transfer Agent, in which event that other entity will act as Transfer Agent, as specified in the Applicable Pricing Supplement.

“Use of Proceeds”

The Issuer will use the issue proceeds of the Notes for its general corporate purposes, or as may otherwise be described in the Applicable Pricing Supplement.

RISK FACTORS

Words used in this section entitled "Risk Factors" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer believes that the factors described below, which are not set out in any particular order, represent key risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Some risks are not yet known and some that are not currently deemed material could later turn out to be material. Accordingly, the Issuer does not represent or warrant that the statements below regarding the risks of holding of any Notes are exhaustive.

All of these risks could materially affect the Issuer and its Subsidiaries, its reputation, business, results of its operations and overall financial condition.

The information set out below is therefore not intended as advice and does not purport to describe all of the considerations that may be relevant to a prospective investor.

Investors contemplating making an investment in the Notes should determine their own investment objectives and experience, and any other factors which may be relevant to them in connection with such investment.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

1. RISKS RELATING TO THE ISSUER

- 1.1. The investments, business, profitability and results of operations of the Issuer may be adversely affected as a result of volatility in the economy and financial markets or a deterioration in the conditions thereof.

The Issuer's businesses are inherently subject to the risk of economic and market fluctuations as well as the effects of these. In particular, the Issuer's activities are subject to interest rate risks and may in some cases also be subject to foreign exchange, bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented

risk management methods to mitigate and control these and other market risks to which the Issuer is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance. Should market circumstances deteriorate, this could lead to a decline in credit quality, decreases in asset prices, increases in defaults and non-performing debt and/or a worsening of general economic conditions in the markets in which the Issuer operates, all of which may materially adversely affect the Issuer's business, profitability and results of operations.

Furthermore it is not possible to predict what structural and/or regulatory changes may result from market conditions or whether such changes may be materially adverse to the Issuer and its prospects.

Although there have been periods where market conditions have generally improved, the legacy of the 2008 financial crisis remains one of significant macroeconomic uncertainty. The global financial markets, in particular, have experienced significant volatility.

The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions that have direct or indirect exposure to those countries and/or whose counterparties, custodians, customers, service providers or sources of funding have direct or indirect exposure to these countries. A restructuring of sovereign debt issued by one or more Eurozone Member States or a significant decline in the credit rating of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the financial markets in which the Issuer operates.

The South African economy is not immune to global developments. A significant decline in the economic growth of any of South Africa's major trading partners, such as the European Union, could have a material adverse impact on South Africa's balance of trade and adversely affect South Africa's economic growth. The European Union is South Africa's largest export market. A decline in demand for imports from the European Union could have a material adverse effect on South African exports and its economic growth. The Issuer's business is significantly focused on South Africa and therefore adverse changes affecting the South African economy are likely to have an adverse impact on the Issuer's financial condition and results of its operations.

South Africa currently has a large current account deficit, reflecting the country's dependence on foreign capital inflows to fund growth. Such a dependence may make the South African economy vulnerable to adverse global or domestic economic developments that could affect foreign capital inflows, increasing the risk to growth.

No assurance can be given that a further economic downturn or financial crisis will not occur, or that the Issuer would be able to sustain its current performance levels if such events or circumstances affecting the South African economy were to occur.

1.2. Risk management

The Issuer, in common with other issuers in South Africa and elsewhere, is exposed to commercial and market risks in its ordinary course of business, the most significant of which are credit risk, market risk, liquidity risk, interest rate risk, operational risk and foreign exchange risk. Credit risk is the risk of loss due to non-performance of a counterparty in respect of any financial or performance obligation due to deterioration in the financial status of the counterparty. Market risk is the risk of loss on trading instruments and portfolios due to changes in market prices and rates. Liquidity risk is the inability to discharge funding or trading obligations which fall due at market related prices. Interest rate risk is defined as the sensitivity of the balance sheet and income statement to unexpected, adverse movements of interest rates. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Foreign exchange risk is the risk of losses occurring or a foreign investment's value changing from movement in foreign exchange rates.

In addition, the Issuer is also exposed to counterparty credit risk, equity investment risk, strategic risk, business risk, volume and margin risk, reputational risk, macroeconomic risk and environmental, social and governance risk. Counterparty credit risk is the risk of a counterparty to a bilateral contract, transaction or agreement defaulting prior to the final settlement of the transaction's cash flows. Equity investment risk is the risk of an adverse change in the fair value of an investment in a company, fund or any other financial instrument, whether listed, unlisted or bespoke. Strategic risk is the risk to current or prospective earnings arising from adverse business decisions or the improper implementation of such decisions. Business risk is the risk to earnings and capital from potential changes in the business environment, client behaviour and technological progress. Volume and margin risk is the risk that the capital base is negatively impacted by a downturn in revenue due to market factors (for example, margin compression), combined with the risk that the cost base is inflexible. Reputational risk is the risk of reputational damage due to compliance failures, pending litigation or bad press reports. Macroeconomic risk is the risk to the

business due to changes in macroeconomic conditions, global economic conditions or credit shocks. Environmental, social and governance risks focus on the environmental, social and governance issues which may impact the Issuer's ability to successfully and sustainably implement business strategy.

Any failure to control these risks adequately or unexpected developments in the future economic environment could have an adverse effect on the financial condition and reputation of the Issuer (see the subparagraph titled "*Risk Management*" in the section titled "*Description of FirstRand Bank Limited*" on page 165 below).

1.3. Concentration Risk

The Issuer's business is significantly focused on the South African markets and therefore faces a geographic concentration risk. Any adverse changes affecting the South African economy are likely to have an adverse impact on the Issuer's loan portfolio and, as a result, on its financial condition and results of its operations.

South Africa continues to run a large current account deficit. This imbalance reflects the economy's dependence on foreign capital inflows to fund growth and renders the economy vulnerable to any global or domestic economic developments that could affect foreign capital inflows. The normalisation of monetary policy in the US could also result in a slowdown in capital flows to South Africa, which may result in more currency weakness, higher inflation and lower economic growth. Other factors may also affect the South African economy, including power blackouts, an economic slump in China and/or a renewed deterioration in the prospects of the Eurozone.

1.4. Liquidity Risk

Structural characteristics impacting the funding profile of South African banks

The banking sector in South Africa is characterised by certain structural features, such as a low discretionary savings rate and a higher degree of contractual savings that are captured by institutions such as pension funds, provident funds and providers of asset management services. A portion of these contractual savings translate into institutional funding (comprising wholesale funding from financial institutions across a range of deposits, loans and financial instruments) for banks, which has higher liquidity risk than retail deposits.

Given these structural issues, and as a result of the significant growth in risk-weighted assets between 2005 and 2007, South African banks' overall proportion of institutional funding increased during this period. This is reflected in the table below which sets

out the Bank's analysis of the composition of the funding base for the South African banking sector. In preparing this table, the Bank has grouped together certain data sourced from SARB BA900 consolidated banking sector returns as at 30 June 2014 into the broad categories identified in the table. SARB BA900 returns are filed by all banks and branches in South Africa which are subject to regulation by SARB.

SA banks' funding sources (unaudited)	30 June 2014 (% of funding liabilities)			
	Total	Short-term (<1 month)	Medium-term (1 to 6 months)	Long-term (> 6 months)
Institutional	40.4	13.9	8.9	17.6
Corporate	21.5	17.7	1.7	2.1
Retail	16.5	12.5	2.3	1.7
SMEs	5.0	4.3	0.5	0.2
Government and parastatals	7.6	6.1	1.1	0.4
Foreign*	8.0	4.3	1.1	2.6
Other	1.0	0.2	0.1	0.7
Total	100.0	59.0	15.7	25.3

Source: South African banking sector aggregate SARB BA900 returns (30 June 2014), FirstRand research.
 * This category includes all funds and deposits which are not denominated in South African Rand regardless of source.

As retail funding represents only 16.5% (sixteen point five percent) of the banking sector's funding base this means that short-term, expensive institutional deposits are utilised to fund longer-dated assets such as mortgages. Liquidity risk in the South African banking system is therefore structurally higher than in most other markets.

However, this risk is to some extent mitigated by the following factors:

- the "closed Rand" system, whereby all Rand transactions (whether physical or derivative) have to be cleared and settled in South Africa through registered bank and clearing institutions domiciled in South Africa. The Issuer is one of the major clearing/settlement banks;
- the institutional funding base is fairly stable as it is, in effect, recycled contractual retail savings;
- the country has a prudential exchange control framework in place; and

- South African banks have a low dependence on foreign currency funding (i.e. low roll-over risk).

These factors contributed to South Africa's resilience during the recent global financial crisis.

Although the Issuer believes that its level of access to domestic and international inter-bank and capital markets and its liquidity risk management policy allow and will continue to allow the Issuer to meet its short-term and long-term liquidity needs, any maturity mismatches may have a material adverse effect on its financial condition and results of operations. Furthermore, there can be no assurance that the Issuer will be successful in obtaining additional sources of funds on acceptable terms or at all.

1.5. Changing regulatory environment

The Issuer is subject to the laws, regulations, administrative actions and policies of South Africa and each other jurisdiction in which it operates, and the Issuer's activities may be constrained by such regulations. Changes in supervision and regulation, particularly in South Africa, could materially affect the Issuer's business, the products or services offered, the value of its assets and its financial condition. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond the control of the Issuer.

Important regulatory developments in South Africa include the Companies Act, the Consumer Protection Act, 2008 (the "**CPA**"), the Financial Markets Act and the Protection of Personal Information Act, 2013 (the "**POPI Act**"). The POPI Act has introduced certain minimum conditions such as acquiring customer consent before processing personal information and provides for the establishment of an Information Regulator. During 2011, the Companies Act and the CPA came into effect. The Companies Act has had an impact on institutional reform, company categorisation, company formation, accountability and transparency, corporate finance, shareholder provisions, directors' duties and board governance, fundamental transactions, takeovers and share purchases. The CPA will be supplemented by a new market conduct regime for financial services providers based on the United Kingdom Financial Conduct Authority's Treating Customers Fairly regulatory initiative. This will mainly affect the retail business. All credit agreements governed by the National Credit Act, 2005 (the "**NCA**") do not fall within the ambit of the CPA. However, the goods or services that are the subject of the credit agreement are not excluded from the ambit of the CPA. The CPA is a relatively new piece of legislation

in South Africa which stipulates certain additional regulatory compliance requirements to which the Issuer must adhere, including, but not necessarily limited to, ensuring that customer-facing documents (i) are in plain and understandable language, (ii) include certain prescribed provisions, and (iii) contain adequate risk disclosures.

The Financial Markets Act, which introduces an enabling framework for the regulation of over-the-counter ("**OTC**") derivatives trading and gives effect to South Africa's G20 commitments, came into effect on 3 June 2013. The Financial Markets Act repealed the Securities Services Act, 2004 and is the primary legislation governing financial markets, market infrastructure and securities services in South Africa. A phased approach to OTC derivative regulation will be implemented, starting with mandatory reporting of OTC trades to a trade repository. Phase two will include the central clearing of standardised OTC products. Both such phases will be provided for in regulations. The National Treasury in South Africa ("**National Treasury**") published draft regulations for unlisted OTC derivatives on 4 July 2014 which seek to provide further detail on both phases. The regulations are currently the subject of a mandatory public consultation process, and it is unclear when a revised draft will be published. The full extent of the impact of the developments on the Issuer thus remains unclear.

In addition, the global banking sector is experiencing increased political and regulatory pressures, and some of these pressures will materialise in South Africa. On 16 December 2010 and 13 January 2011, the Basel Committee on Banking Supervision (the "**Basel Committee**") published its final guidance in relation to new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions ("**Basel III**"). Basel III prescribes two minimum liquidity standards for funding liquidity, namely a liquidity coverage ratio ("**LCR**"), which is anticipated to become effective on 1 January 2015 and aims to ensure that banks maintain an adequate level of high-quality liquid assets to meet liquidity needs for a 30 calendar day period under a severe stress scenario, and a net stable funding ratio ("**NSFR**"), which is anticipated to become effective 1 January 2018 and aims to promote medium and long-term funding of banks' assets and activities. South Africa, as a G20 and a Basel Committee member country, commenced with the phasing-in of the Basel III framework on 1 January 2013 and will continue to implement the accord up to 2018 in line with the timelines determined by the Basel Committee.

The Basel Committee has formalised processes in order to ensure the consistent implementation of Basel III across jurisdictions. Both the LCR and the NSFR

requirements are subject to an observation period and include a review clause to address any unintended consequences.

Given the structural funding profile of South Africa's financial sector and the limited availability of high-quality liquid assets (as defined in Basel III) in South Africa, the South African banking sector (including the Issuer) will, based on their current funding profiles, experience difficulty in complying with the Basel III LCR and NSFR requirements. These issues have been recognised by the South African regulatory authorities, the banking industry and the National Treasury. In response, and under the direction of the South African Minister of Finance, a financial cross sector task team was established and mandated to consider relevant issues relating to, among other, issues pertaining to the structural funding profile of South Africa's financial sector and the disparate regulatory treatment of banks and money market funds. Furthermore, the SARB has approved the provision of a committed liquidity facility available to banks to assist banks to meet the LCR. The SARB's approach to the committed liquidity facility is detailed in, *inter alia*, Guidance Note 8 of 2014 (*Provision of a committed liquidity facility by the South African Reserve Bank*).

The Banking Supervision Department of the SARB commenced with the phasing in of Basel III from 1 January 2013 through the Regulations promulgated under section 90 of the Banks Act (published on 12 December 2012 as No. R. 12 1029 in Government Gazette No. 35950) (the "**Regulations Relating to Banks**"), which are aimed at giving effect to the principles contained in the document entitled "*Basel III: A global regulatory framework for more resilient banks and banking systems*", finalised by the Basel Committee in June 2011, and will continue with the implementation process up to 2018. The Regulations Relating to Banks provide a broad framework for the phasing-in of the accord, but specific detail regarding implementation (including the domestic application of elements of Basel III where regulators are entitled to exercise national discretion) is periodically provided by the SARB, after engaging with the role-players in the banking industry in the form of guidance notes, circulars and directives. The consultation process is on-going and the Issuer is not able to predict precisely whether future regulatory reforms and the implementation in South Africa of Basel III minimum standards for funding liquidity will have a material impact on the Issuer's financial condition, business or results of operations.

1.6. The Issuer's risk management policies and procedures may not have identified or anticipated all potential risk exposures

The Issuer has devoted significant resources to developing its risk management policies and procedures, particularly in connection with credit, concentration and

liquidity risks, and expects to continue to do so in the future. Nonetheless, its risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Issuer's methods of managing risk are based upon its use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than historical measures indicate. Other risk management methods depend upon evaluation of information regarding the markets in which the Issuer operates, its clients or other matters that are publicly available or otherwise accessible by the Issuer. This information may not be accurate in all cases, complete, up-to-date or properly evaluated. Any failure arising out of the Issuer's risk management techniques may have an adverse effect on the results of its operations and financial condition.

1.7. Downgrade in the Issuer's credit Ratings or credit Rating of South Africa could have an adverse effect on the Issuer's liquidity sources and funding costs

The Issuer's credit Ratings affect the cost and other terms upon which the Issuer is able to obtain funding. Rating Agencies regularly evaluate the Issuer and their Ratings of its long-term debt are based on a number of factors, including capital adequacy levels, quality of earnings, credit exposure, the risk management framework and funding diversification. These parameters and their possible impact on the Issuer's credit Rating are monitored closely and incorporated into its liquidity risk management and contingency planning considerations.

A downgrade or potential downgrade of the South African sovereign Rating or a change in Rating Agency methodologies relating to systemic support provided by the South African sovereign could also negatively affect the perception by Rating Agencies of the Issuer's Rating.

There can also be no assurance that the Rating Agencies will maintain the Issuer's current Ratings or outlooks, or those of South Africa. Ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. Each Rating should be evaluated independently of any other Rating.

1.8. Competitive Landscape

The Issuer is subject to significant competition from other major banks operating in South Africa, including competitors that may have greater financial and other resources, and, in certain markets, from international banks. Many of these banks

operating in the Issuer's markets compete for substantially the same customers as the Issuer. Competition may increase in some or all of the Issuer's principal markets and may have an adverse effect on its financial condition and results of operations.

1.9. The Issuer is subject to capital requirements that could limit its operations

The Issuer is subject to capital adequacy guidelines adopted by the SARB, which provide for a minimum target ratio of capital to risk-weighted assets. Any failure by the Issuer to maintain its ratios may result in sanctions against the Issuer, which may in turn impact on its ability to fulfil its obligations under the Notes.

The phasing in of the Basel III framework by the SARB, which commenced on 1 January 2013, is aimed at raising the quality and quantity of the regulatory capital base and enhancing risk coverage in line with the framework. The SARB continues to assess the impact of the Regulations Relating to Banks and engage with market participants, and it is possible that the Regulations Relating to Banks may undergo further changes.

1.10. Political, social and economic risks in South Africa or regionally may have an adverse effect on the Issuer's operations

The Issuer's operations are concentrated in South Africa, with the majority of its revenues deriving from operations in South Africa. Operations in this market are subject to various risks which need to be assessed in comparison to jurisdictions elsewhere. These include political, social and economic risks particularly relating to South Africa, such as general economic volatility, recession, inflationary pressure, exchange rate risks, exchange controls, crime and diseases (including, for example, HIV/AIDS), which could affect an investment in the Notes. The existence of such factors may have a negative impact on South African and international economic conditions generally, and more specifically on the business and results of the Issuer in ways that cannot be predicted.

1.11. Cyber-crime could have a negative impact on the Issuer's operations

The Issuer's operations are dependent on its own information technology systems and those of its third party service providers. The Issuer could be negatively impacted by cyber-attacks on any of these. As the Issuer moves banking to the digital and mobile world, the risk of cyber-crime increases, especially as infiltrating technology is becoming increasingly sophisticated, and there can be no assurance that the Issuer will be able to prevent all threats.

- 1.12. The Issuer may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and have a material adverse effect on it

The Issuer is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in South Africa. These laws and regulations require the Issuer, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. While the Issuer has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering activities by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances in which the Issuer may be used by other parties to engage in money laundering or other illegal or improper activities. To the extent the Issuer may fail to fully comply with applicable laws and regulations, the relevant government agencies to which it reports have the power and authority to impose fines and other penalties on the Issuer. In addition, the Issuer's business and reputation could suffer if customers use it for money laundering or illegal or improper purposes.

2. **RISKS RELATING TO THE NOTES**

- 2.1. There is no active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications may be made for the Notes to be traded on the JSE or on such other Financial Exchange(s) as may be determined by the Issuer, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so listed or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

- 2.2. The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the relevant Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to

increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

2.3. Because uncertificated Notes are held by or on behalf of the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange(s) and/or immobilised in the CSD must, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be lodged and immobilised in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. The CSD will maintain records of the Beneficial Interests in Notes issued in uncertificated form which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD and/or the Participants, and the Issuer will discharge its payment obligations under the Notes by making payments to, or to the order of, the CSD and/or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the

CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD and/or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

2.4. Credit Rating

Tranches of Notes issued under the Programme may be rated or unrated. If a Rating is assigned to any issue of Notes, the Rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Notes. A credit Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit Rating could adversely affect the trading price for the Notes issued under the Programme.

2.5. U.S. Foreign Account Tax Compliance Withholding, EU Savings Directive and Other Withholding Tax Obligations

Generally, if, pursuant to the European Council Directive 2003/48/EC on the taxation of savings income and/or FATCA (as such term is defined in Condition 11.2.9), a withholding or deduction obligation is imposed, none the Issuer, any Paying Agent or any other person will be obliged to pay additional amounts with respect to such Note as a result of the imposition of such withholding tax (please see Conditions 11.2.8 and 11.2.9).

Purchasers are advised to consult their own professional advisers as to the tax consequences of investing in the Notes, including any withholding tax consequences and the effects on such a purchaser of there being no obligation on the Issuer, the Paying Agent or any other person to pay additional amounts in respect to Notes where a withholding obligation is imposed.

2.6. Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

2.7. Modification

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

2.8. Change of law

The Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with South African law. No assurance can be given as to the impact of any possible judicial decision or change to South African law or the law of any other jurisdiction or administrative practice after the date of this Programme Memorandum.

3. **RISKS RELATING TO SOUTH AFRICA**

3.1. Risks relating to emerging markets

South Africa is generally considered by international investors to be an emerging market. Investors in emerging markets such as South Africa should be aware that these markets carry risks which are different from those which apply to investment in more developed markets. These risks include economic and financial market instability which may be exacerbated by global economic instability, as well as, in some cases, significant legal and political risks.

Economic and financial market instability in South Africa has been caused by many different factors, including:

- high interest rates;
- changes in currency values;
- high levels of inflation;
- exchange controls;
- industrial action;

- commodity price fluctuations;
- the slowdown in the economic activity of its trading partners;
- wage and price controls;
- changes in economic and tax policies;
- the imposition of trade barriers;
- perceived or actual internal security issues; and
- general social, economic and business condition.

Any of these factors, amongst others, as well as volatility in the markets for securities similar to the Notes, may adversely affect the value or liquidity of the Notes.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and prospective investors are urged to consult with their own legal and financial advisors before making an investment in the Notes.

Investors should also note that developing markets, such as South Africa, are subject to rapid change and that the information set out in this Programme Memorandum may become outdated relatively quickly.

3.2. Regulatory environment

The Issuer is subject to government regulation in South Africa. Regulatory agencies have broad jurisdiction over many aspects of the Issuer's business, which may include capital adequacy, premium rates, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments.

Changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Issuer operates may adversely affect the Issuer's product range, distribution channels, capital requirements, environmental and social obligations and, consequently, reported results and financing requirements.

3.3. Exchange controls

Foreign-derived loan capital or equity capital may be introduced into South Africa through a formal system of exchange control as summarised in the section entitled "*South African Exchange Control*" of this Programme Memorandum. However, unless

the prior approval of the SARB has been obtained, the proceeds from the sale of assets in South Africa owned by a non-resident are not remittable to the non-resident.

Since 1995, certain exchange controls in South Africa have been relaxed. The extent to which the South African Government (the "**Government**") may further relax such exchange controls cannot be predicted with certainty, although the Government has committed itself to a gradual approach of relaxation. Further relaxation, or abolition of exchange controls may precipitate a change in the capital flows to and from South Africa. If the net result of this were to cause large capital outflows, this could adversely affect the Issuer's business and it could have an adverse effect on the financial condition of the Issuer as a whole. In the event of the immediate abolition of exchange control there may be a sudden withdrawal of Rand from the South African market by investors. Because South Africa has a fully-floating exchange rate and a flexible interest rate policy, this would result in a rapid depreciation of the Rand exchange rate which would serve to stem the flight and would also result in an increase in interest rates due to the depreciation of the Rand. The SARB would sell reserves to protect the value of the Rand. Such reserve activity by the SARB is likely to be sterilised and as such should not have a significant impact on inflation.

4. **RISK DISCLOSURES PERTINENT TO THE SOUTH AFRICAN REGULATORY FRAMEWORK**

4.1. National Credit Act

The NCA, which came into full force and effect on 1 June 2007, has made significant changes to the interest, costs and fees which retail banks and other credit providers may charge consumers in South Africa. The maximum prescribed interest rates which may be levied on credit agreements are set out in the regulations to the NCA. The NCA further stipulates a closed list of costs and fees which may be recovered under a credit agreement in addition to the capital amount and interest. These are an initiation fee, a monthly service fee, default administration costs and collection costs. The initiation fee for arranging the credit agreement may not exceed the maximum prescribed amount, monthly service fees for the banks administration of the agreement are capped, default administration charges must be levied in accordance with the Magistrates Court Act, 1944 and collection costs are also limited. Other charges which may be applicable are strictly regulated and may only be levied if specifically listed in the NCA and to the extent permitted in the NCA. The NCA also requires certain qualifying credit providers to register with the National Credit Regulator, and credit agreements entered into by entities which are not registered credit providers, as is required in terms of the NCA, will be void *ab initio*. In addition,

certain credit agreements which contain unlawful provisions in terms of the NCA could potentially be rendered *void ab initio*.

4.2. Companies Act

The Companies Act came into force on 1 May 2011. The Companies Act may have an impact on institutional reform, company categorisation, company formation, accountability and transparency, corporate finance, shareholder provisions, director's duties and board governance, fundamental transactions, takeovers and share purchases and could have an impact on the rights and duties of the Issuer and Noteholders.

4.3. Consumer Protection Act

The CPA came into effect on 1 April 2011. The CPA will give consumers the right to demand quality service and to full disclosure of the price of goods and services, and protection against false, misleading or deceptive representations.

The CPA will fundamentally change the way business is done in South Africa. It requires businesses to transform the way in which they interact with consumers and to ensure that all dealings with consumers are fair, reasonable and honest. Credit agreements governed by the NCA do not fall within the ambit of the CPA, however, the goods or services that are the subject of the credit agreement are not excluded from the ambit of the CPA. The CPA provides that certain industries may be exempted from particular provisions of the CPA where there are existing consumer protection regimes in place in respect of those industries. Banks are exempted from section 14 of the CPA which deals with fixed-term contracts as there is concern in the banking industry that the said provision will adversely impact fixed term deposits and bank customer's ability to withdraw such deposit early.

Investors will have to familiarise themselves with the risks associated with this new legislation as it remains untested in a court of law to date.

4.4. The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the

information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

4.4.1. Index-Linked and Dual Currency Notes

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Note to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**") or with principal or interest payable in one or

more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

4.4.2. Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

4.5. Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge by it of any Notes. Financial institutions should consult their legal advisors and/or the appropriate

regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

4.6. Financial markets

A prospective investor of the Notes should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary markets for instruments similar to the Notes. The Issuer cannot predict if and when these circumstances will change, and if and when they do, whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in future.

FORM OF THE NOTES

Words used in this section headed "Form of the Notes" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

A Tranche of Notes may be issued in the form of listed or unlisted registered Notes, as specified in the Applicable Pricing Supplement.

Registered Notes

A Tranche of registered Notes will be issued in certificated form or in uncertificated form as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the Interest Rate Market of the JSE must, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act and will be held in the CSD in the name of, and for the account of, the CSD's Nominee. A Tranche of unlisted Notes may also be held in the CSD.

Each Tranche of Notes will be issued in the form of registered Notes in accordance with the Terms and Conditions and by (i) Individual Certificates, or (ii) no Individual Certificates, if issued in uncertificated form in terms of section 33 of the Financial Markets Act.

Notes issued in certificated form

A Tranche of Notes may, subject to Applicable Laws and Applicable Procedures, be issued in certificated form.

All certificated Notes will be represented by single Individual Certificates in registered form. Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

Title to Notes represented by Individual Certificates will pass upon registration of transfer in accordance with Condition 14.1.2 (*Transfer of Notes represented by Individual Certificates*) of the Terms and Conditions.

The Issuer shall regard the Register as the conclusive record of title to the Notes represented by Individual Certificates.

Payments of all amounts due and payable in respect of Notes represented by Individual Certificates will be made in accordance with Condition 9 (*Payments*) of the Terms and Conditions to the person reflected as the registered Noteholder of such Notes in the Register at 17h00 (South African time) on

the Last Day to Register, and the Issuer will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

Notes issued in uncertificated form

A Tranche of Notes which is listed on the Interest Rate Market of the JSE must, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act.

Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of Notes issued in uncertificated form will be held by the CSD, and the CSD's Nominee will be named in the Register as the registered Noteholder of that Tranche of Notes.

Beneficial Interests in Notes held in the CSD

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may either be issued in certificated form or issued in uncertificated form. Unlisted, uncertificated Notes may also be lodged in the CSD. While a Tranche of Notes is held in its entirety in the CSD, the CSD's Nominee will be named in the Register as the sole Noteholder of the Notes in that Tranche.

The CSD will hold each Tranche of Notes subject to the Financial Markets Act and the Applicable Procedures. All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Notes.

The CSD maintains central securities accounts for Participants only. As at the date of the Programme Memorandum, the Participants include (but are not limited to) FirstRand Bank Limited, Nedbank Limited, Citibank N.A., South Africa branch, Standard Chartered Bank, Johannesburg branch, Société Générale, Johannesburg branch, The Standard Bank of South Africa Limited and the SARB. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.

The Participants are in turn required to maintain securities accounts for their clients. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests in the Notes or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of

the Notes held by them in the CSD only through their Participants. Euroclear and Clearstream may hold Notes through their Participant.

In relation to each person shown in the records of the CSD or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular outstanding Nominal Amount of Notes, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the outstanding Nominal Amount of such Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interest. The CSD's Nominee (as the registered Noteholder of such Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that outstanding Nominal Amount of such Notes for all purposes.

Title to Beneficial Interests held by Participants directly through the CSD will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such Participants. Title to Beneficial Interests held by clients of Participants indirectly through such Participants will pass on transfer thereof by electronic book entry in the security accounts maintained by such Participants for such clients. Beneficial Interests may be transferred only in accordance with the Applicable Procedures. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the Terms and Conditions.

PRO FORMA APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Applicable Pricing Supplement that will be completed for each Tranche of Notes issued under the Programme:

**FIRSTRAND BANK****FIRSTRAND BANK LIMITED**

(Incorporated in the Republic of South Africa with limited liability under registration

number 1929/001225/06)

(the “**Issuer**”)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Under its ZAR80,000,000,000.00 Domestic Medium Term Note Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 20 February 2015 and approved by the JSE on [•] 2015, prepared by FirstRand Bank Limited in connection with the FirstRand Bank Limited ZAR80,000,000,000.00 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the “**Programme Memorandum**”).

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the section of the Programme Memorandum headed “*Terms and Conditions of the Notes*”.

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

DESCRIPTION OF THE NOTES

1.	Issuer	FirstRand Bank Limited
2.	Specified Office	[•]
3.	Status of Notes	[Secured / Unsecured]
4.	Form of Notes	[Listed / Unlisted] Registered Notes [The Notes in this Tranche are issued in uncertificated form and held by the CSD]. [The Notes in this Tranche are issued in certificated form]].
5.	Series Number	[•]
6.	Tranche Number	[•]
7.	Aggregate Nominal Amount:	
	(a) Series	[•]
	(b) Tranche	[•]
8.	Interest	[Interest-bearing / Non-interest-bearing]
9.	Interest Payment Basis	[[Fixed Rate / Floating Rate / Zero Coupon / Index-Linked] Notes / other]
10.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	[insert details including date for conversion]
11.	Issue Date	[•]
12.	Nominal Amount per Note	[•]
13.	Specified Denomination	[•]
14.	Issue Price	[•]
15.	Interest Commencement Date	[•]

16.	Maturity Date	[•]
17.	Business Centre	[•]
18.	Additional Business Centre	[•]
19.	Applicable Business Day Convention	Floating Rate Business Day / Following Business Day / Modified Following Business Day / Preceding Business Day / other convention – insert details
20.	Final Redemption Amount	[•]
21.	Last Date to Register	[•]
22.	Books Closed Period(s)	The Register will be closed from [•] to [•] and from [•] to [•] (all dates inclusive) in each year until the Maturity Date
23.	Default Rate	[•]
24.	Specified Currency	[South African Rand (ZAR)]

FIXED RATE NOTES

25.	(a)	Fixed Rate of Interest	[•] percent. per annum [payable [annually / semi-annually / quarterly] in arrear]
	(b)	Fixed Interest Payment Date(s)	[•] in each year up to and including the Maturity Date/other
	(a)	Fixed Coupon Amount(s)	[•] per [•] in Nominal Amount
	(b)	Initial Broken Amount	[•]
	(c)	Final Broken Amount	[•]
	(d)	Determination Date(s)	[•] in each year
	(e)	Day Count Fraction	[•]
	(f)	Any other terms relating to the particular method of calculating interest	[•]

FLOATING RATE NOTES

26. (a) Floating Interest Payment **[•]**
Date(s)
- (b) Interest Period(s) **[•]**
- (c) Definition of Business Day (if **[•]**
different from that set out in
Condition 1 (*Interpretation*))
- (d) Minimum Rate of Interest **[•]** percent per annum
- (e) Maximum Rate of Interest **[•]** percent per annum
- (f) Other terms relating to the **[•]**
method of calculating interest
(e.g.: Day Count Fraction,
rounding up provision)
27. Manner in which the Rate of Interest is **[ISDA Determination / Screen Rate Determination /**
to be determined **other – insert details]**
28. Margin **[[•] basis points to be added to/subtracted from the**
relevant ISDA Rate / Reference Rate]
29. If ISDA Determination:
- (a) Floating Rate **[•]**
- (b) Floating Rate Option **[•]**
- (c) Designated Maturity **[•]**
- (d) Reset Date(s) **[•]**
- (e) ISDA Definitions to apply **[•]**
30. If Screen Determination:
- (a) Reference Rate (including **[•]**
relevant period by reference to
which the Rate of Interest is to

be calculated)

- (b) Interest Rate Determination Date(s)
 - (c) Relevant Screen Page and Reference Code
31. If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis for determining Rate of Interest/Margin/Fall-back provisions
32. Calculation Agent responsible for calculating amount of principal and interest

ZERO COUPON NOTES

33. (a) Implied Yield
- (b) Reference Price Percent [NACA] [NACM] [NACQ] [NACS] [other method of compounding]
- (c) Any other formula or basis for determining amount(s) payable

PARTLY-PAID NOTES

34. (a) Amount of each payment comprising the Issue Price
- (b) Dates upon which each payment is to be made by Noteholder
- (c) Consequences (if any) of failure to make any such payment by Noteholder
- (d) Interest Rate to accrue on the percent per annum first and subsequent instalments after the due date for payment of

such instalments

INSTALMENT NOTES

35. Instalment Dates [•]
36. Instalment Amounts (expressed as a percentage of the aggregate Nominal Amount of the Instalment Notes) [•]

MIXED RATE NOTES

37. Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for:
- (a) Fixed Rate Notes [•]
 - (b) Floating Rate Notes [•]
 - (c) Index-Linked Notes [•]
 - (d) [Other Notes [•]]
38. The interest rate and other pertinent details are set out under the headings relating to the applicable forms of Notes

INDEX-LINKED NOTES

39. (a) Type of Index-Linked Notes [Indexed Interest Notes / Indexed Redemption Amount Notes]
- (b) Index/Formula by reference to which Interest Rate / Interest Amount is to be determined [•]
 - (c) Manner in which the Interest Rate / Interest Amount is to be determined [•]
 - (d) Interest Period(s) [•]

- (e) Interest Payment Date(s) [●]
- (f) [Base CPI for Index-Linked Notes] [●]
- (g) Calculation Agent [●] [Please note: if the performance of an instrument relates to the performance of an index and/or the calculation thereof, the index Calculation Agent for Debt Securities must be registered as such with the JSE – paragraph 4.11(j) of the JSE Debt Listings Requirements.]
- (h) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable [●]
- (i) Definition of Business Day (if different from that set out in Condition 1 (*Interpretation*)) [●]
- (j) Minimum Rate of Interest [●] percent per annum
- (k) Maximum Rate of Interest [●] percent per annum
- (l) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision) [●]
- (m) Other terms relating to Index-Linked Notes [Please note: Additional JSE requirements may be applicable if Index-Linked Notes are issued. See the JSE guidelines for Acceptable Index Providers and section 19 of the JSE Listings Requirements.]

DUAL CURRENCY NOTES

40. (a) Type of Dual Currency Notes [Dual Currency Interest/Dual Currency Redemption Amount] Notes
- (b) Rate of Exchange/method of [●]

calculating Rate of Exchange

- (c) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable
- (d) Person at whose option Specified Currency(ies) is/are payable

EXCHANGEABLE NOTES

41. (a) Mandatory Exchange applicable? [Yes/No]
- (b) Noteholders' Exchange Right applicable? [Yes/No]
- (c) Exchange Securities
- (d) Manner of determining Exchange Price
- (e) Exchange Period
- (f) Other

EXTENDIBLE NOTES

42. (a) Last date to which Redemption Date may be extended
- (b) Step-up Margin
- (c) Requisite Notice
- (d) Other

OTHER NOTES

43. If the Notes are not Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes or if the Notes are a combination

of any of the foregoing, set out the relevant description and any additional Terms and Conditions, approved by the JSE, relating to such Notes.

PROVISIONS REGARDING REDEMPTION / MATURITY

44. Issuer's Optional Redemption: [Yes/No]

If yes:

(a) Optional Redemption Date(s) [•]

(b) Optional Redemption Amount(s) [•]
and method, if any, of calculation
of such amount(s)

(c) Minimum period of notice (if [•]
different from Condition 10.3
(*Redemption at the Option of the
Issuer*))

(d) If redeemable in part: [•]

Minimum Redemption Amount(s) [•]

Higher Redemption Amount(s) [•]

(e) Other terms applicable on
Redemption

45. Redemption at the Option of the Senior [Yes/No]
Noteholders:

If yes:

(a) Optional Redemption Date(s) [•]

(b) Optional Redemption Amount(s) [•]

(c) Minimum period of notice (if [•]
different from Condition 10.4
(*Redemption at the Option of the*

Senior Noteholders)

- (d) If redeemable in part:
- Minimum Redemption Amount(s)
- Higher Redemption Amount(s)
- (e) Other terms applicable on Redemption
- (f) Attach pro forma Put Notice(s)

46. Early Redemption Amount(s) payable [Yes/No] on redemption for taxation reasons or on Event of Default (if required).

If an amount other than the Early Redemption Amount is payable on redemption for taxation reasons or on Event of Default [only complete if "no" elected in item 46 above]:

- (a) Amount payable; or
- (b) Method of calculation of amount payable

ADDITIONAL CONDITIONS

GENERAL

47. Notes in issue
- As at the date of this issue, the Issuer has issued Notes in the aggregate total amount of under the Programme.

The aggregate Nominal Amount of all Notes issued under the Programme as at the Issue Date, together with the aggregate Nominal Amount of this Tranche (when issued), will not exceed the

		Programme Amount.
48.	Financial Exchange	[•]
49.	Calculation Agent	[•]
50.	Specified office of the Calculation Agent	[•]
51.	Paying Agent	[•]
52.	Specified office of the Paying Agent	[•]
53.	Transfer Agent	[•]
54.	Specified office of the Transfer Agent	[•]
55.	Additional selling restrictions	[•]
56.	ISIN No.	[•]
57.	Stock Code	[•]
58.	Method of distribution	[<i>Private placement or other</i>]
59.	If syndicated, names of Managers	[•]
60.	If non-syndicated, name of Dealer	[•]
61.	Debt Sponsor	[•]
62.	Governing law (if the laws of South Africa are not applicable)	[•]
63.	Use of proceeds	[•]
64.	Pricing Methodology	[Standard JSE pricing methodology / other – insert details]
65.	Stabilising Manager (if any)	[•]
66.	Other provisions	[•]
67.	Rating and issue date thereof	[•]

68. Date of Rating review [•]

69. Rating Agency [•]

Responsibility:

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that this Applicable Pricing Supplement contains all information required by law and the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in this Applicable Pricing Supplement and the annual financial report, the amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

Application [is hereby]/[will not be] made to list this issue of Notes on 20[•].

SIGNED at _____ on this _____ day of _____ 20[•]

for and on behalf of

FIRSTRAND BANK LIMITED

Name:

Capacity: [Director]

Who warrants his/her authority hereto

Name:

Capacity: [Director]

Who warrants his/her authority hereto

LEGAL ADVISERS TO THE ARRANGER AND ISSUER**ENSafrica**

(Registration Number 2006/081200/21)

1 North Wharf Square

Loop Street

Foreshore, 8001

Cape Town

South Africa

Contact: Mr C van Loggerenberg

Tel: (021) 410 2500

The logo for ENS Africa features a stylized, handwritten-style 'en' in a dark grey color. To the right of 'en' is a large, bold, black 'S' that curves around the letters. To the right of the 'S' is the word 'AFRICA' in a clean, uppercase, sans-serif font.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer which will be incorporated by reference into each Note. A Tranche of Notes will be issued on, and subject to, the below Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

Before the Issuer issues any Tranche of listed Notes, the Issuer shall complete, sign and deliver to the JSE or such other or further Financial Exchange(s) and the CSD, a pricing supplement based on the *pro forma* Applicable Pricing Supplement included in the Programme Memorandum setting out details of such Notes.

If there is any conflict or inconsistency between provisions set out in the Applicable Pricing Supplement and the provisions set out in these Terms and Conditions of the Notes, then the provisions in the Applicable Pricing Supplement will prevail.

Words and expressions used in the Applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

1. INTERPRETATION

In these Terms and Conditions, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

“Additional Business Centre(s)” means the city or cities specified as such in the Applicable Pricing Supplement;

“Applicable Laws” in relation to a person, all and any (i) statutes and subordinate legislation and common law; (ii) regulations, ordinances and directives; (iii) by-laws; (iv) codes of practice, circulars, guidance notes, judgments and decisions of any competent authority or regulatory, self-regulatory or other authority or organisation, and (v) other similar provisions, from time to time, compliance with which is mandatory for that person;

“Applicable Pricing Supplement” in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Notes, setting out the additional and/or other terms and conditions as are applicable to that Tranche of Notes, based

upon the *pro forma* pricing supplement which is set out in the section of the Programme Memorandum headed “*Pro Forma Applicable Pricing Supplement*”;

- “Applicable Procedures”** the rules and operating procedures for the time being of the CSD, the Participants and the JSE, or such other or further Financial Exchanges on which the Notes may be listed, as the case may be;
- “Arranger”** RMB, or such other entity as may be appointed by the Issuer as Arranger, as specified in the Applicable Pricing Supplement;
- “Banks Act”** the Banks Act, 1990, as may be amended, supplemented or replaced from time to time;
- “Beneficial Interest”** in relation to a Tranche of Notes which is held in the CSD, the beneficial interest as co-owner of an undivided share of all of the Notes in that Tranche, as contemplated in section 37(1) of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the proportion that the aggregate outstanding Nominal Amount of such number of Notes bears to the aggregate outstanding Nominal Amount of all of the Notes in that Tranche, as provided in section 37(3) of the Financial Markets Act;
- “BESA Guarantee Fund Trust”** the guarantee fund established and operated by the JSE as a separate guarantee fund, in terms of the rules of the JSE, as required by sections 8(1)(h) and 17(2)(w) of the Financial Markets Act, or any successor fund;
- “Books Closed Period”** the period, as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, during which transfers of the Notes will not be registered, or such shorter period as the Issuer may decide in order to determine those Noteholders entitled to receive interest or redemption monies;
- “Business Day”** a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) on which commercial banks settle ZAR payments in Johannesburg or any Additional Business Centre specified in the Applicable Pricing

	Supplement;
“Calculation Agent”	RMB, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent in respect of that Tranche or Series of Notes;
“Central Bank”	means the SARB, any other central bank, federal reserve or equivalent body in any jurisdiction, or any other entity established and operated by any of the aforementioned parties;
“Class of Noteholders”	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, 2008, as may be amended, supplemented or replaced from time to time;
“Court Day”	during the term of a court, any day other than a Saturday, Sunday or public holiday;
“CSD”	Strate Proprietary Limited (registration number 1998/022242/07), or its nominee, operating in terms of the Financial Markets Act (or any successor legislation thereto), or any additional or alternate depository approved by the Issuer;
“CSD’s Nominee”	a Wholly-Owned Subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Financial Markets Act, and any reference to “CSD’s Nominee” shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Financial Markets Act;
“Day Count Fraction”	in relation to a Tranche of Notes (where applicable) and the calculation of an amount for any period of time (the “Calculation Period”), the day count fraction specified as such in the Terms and Conditions or the Applicable Pricing Supplement and: <ul style="list-style-type: none"> (i) if “Actual/365”, “Act/365”, or “Act/Act” is so specified, means the actual number of days in the Interest Period in respect of which payment is being made divided by

365 (three hundred and sixty-five) (or, if any portion of the Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 (three hundred and sixty-six) and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365 (three hundred and sixty-five));

- (ii) if “**Actual/Actual (ICMA)**” is so specified, means:
1. where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (i) the actual number of days in such Regular Period and (ii) the number of Regular Periods in any year; and
 2. where the calculation Period is longer than one Regular Period, the sum of:
 - a. the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (i) the actual number of days in such Regular Period and (ii) the number of Regular Periods in any year; and
 - b. the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (i) the actual number of days in such Regular Period and (ii) the number of Regular Periods normally ending in any year;
- (iii) if “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (three hundred and sixty-five) (or, if any portion

of the Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 (three hundred and sixty-six) and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365 (three hundred and sixty-five));

- (iv) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (three hundred and sixty-five);
- (v) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360 (three hundred and sixty);
- (vi) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the Calculation period divided by 360 (three hundred and sixty), calculated on a formula basis as follows:

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Day count fraction =

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31 (thirty one), in which case D1 will be 30 (thirty); and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31 (thirty one) and D1 is greater than 29 (twenty nine), in which case D2 will be 30 (thirty);

- (vii) if “**30E/360**” or “**Eurobond Basis**” is so specified, means the number of days in the Calculation Period divided by 360 (three hundred and sixty), calculated on a formula basis as follows:

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Day count fraction =

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period unless such number would be 31 (thirty one), in which case D1 will be 30 (thirty); and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the

Calculation Period unless such number would be 31 (thirty one), in which case D2 will be 30 (thirty);

- (viii) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Calculation Period divided by 360 (three hundred and sixty), calculated on a formula basis as follows:

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Day Count Fraction =

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period unless (i) that day is the last day of February or (ii) such number would be 31 (thirty one), in which case D1 will be 30 (thirty); and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 (thirty one), in which case D2 will be 30 (thirty);

“Dealers”	RMB, unless the Issuer elects to appoint any other entity(ies) as Dealer, which appointment may be for a specific issue or on an on-going basis, subject to the Issuer’s right to terminate the appointment of any such Dealer, as indicated in the Applicable Pricing Supplement;
“Debt Sponsor”	RMB or such other Debt Sponsor as may be appointed by the Issuer subject to the approval of the JSE in accordance with the Applicable Procedures, as specified in the Applicable Pricing Supplement, provided that the Issuer shall maintain the appointment of at least one Debt Sponsor for so long as any of the Notes are listed on the JSE;
“Default Rate”	in relation to a Tranche of Notes, the default rate specified as such in the Applicable Pricing Supplement;
“Designated Maturity”	shall bear the meaning ascribed thereto in the ISDA Definitions specified in the Applicable Pricing Supplement;
“Determination Date”	in relation to a Tranche of Fixed Rate Notes, the date specified as such in the Applicable Pricing Supplement;
“Determination Period”	the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);
“Dual Currency Notes”	Notes which pay interest in a base currency and the principal in a non-base currency or <i>vice versa</i> as indicated in the Applicable Pricing Supplement, subject to Exchange Control Regulations;
“Early Redemption Amount”	the amount, as set out in Condition 10.5 (<i>Early Redemption Amounts</i>), at which the Notes will be redeemed by the Issuer, pursuant to the provisions of Conditions 10.2 (<i>Redemption for Tax Reasons</i>) and/or Condition 16 (<i>Events of Default</i>);
“Event of Default”	any of the events described in Condition 16 (<i>Events of Default</i>);
“Exchangeable Notes”	Notes which may be redeemed by the Issuer in the manner

	indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;
“Exchange Notice”	shall bear the ascribed thereto in Condition 12.1.1;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, promulgated pursuant to the Currency and Exchanges Act, 1933 (as amended from time to time);
“Exchange Period”	in respect of Exchangeable Notes to which the Noteholders’ Exchange Right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;
“Exchange Price”	the amount determined in accordance with the manner described in the Applicable Pricing Supplement, according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
“Exchange Securities”	the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of Exchangeable Notes to the value of the Exchange Price;
“Extendible Note”	any Note with a maturity of not more than 18 (eighteen) months, which entitles the Issuer to extend the Redemption Date to a pre-determined future date, as indicated in the Applicable Pricing Supplement;
“Extraordinary Resolution”	<p>(a) a resolution passed at a meeting (duly convened) of the Noteholders or, as the case may be, by a majority consisting of not less than 66.67% (sixty-six point six seven percent) of the persons voting at such meeting upon a show of hands or by proxy or if a poll be duly demanded then by a majority consisting of not less than 66.67% (sixty-six point six seven percent) of the votes given on such poll; and</p> <p>(b) a resolution passed, other than at a meeting (duly</p>

convened) of the Noteholders, in respect of which not less than 66.67% (sixty-six point six seven percent) of the Noteholders, voted in favour by signing in writing a resolution in counterparts. Where the requisite approval is obtained within 20 (twenty) Business Days from the date the resolution is submitted to the Noteholders, such a resolution shall be as valid and effectual as if it had been passed at a meeting (duly convened) of the Noteholders, provided that notice shall have been given to all Noteholders in terms of Condition 18 (*Notices*), unless all of the Noteholders consent in writing to the waiver of the required notice contemplated in Condition 18 (*Notices*);

“Final Broken Amount”	in relation to a Tranche of Notes, the final broken amount specified as such in the Applicable Pricing Supplement;
“Final Redemption Amount”	the amount of principal specified in the Applicable Pricing Supplement payable in respect of each Tranche of Notes upon the Maturity Date;
“Financial Exchange”	the JSE and/or such other (or additional) financial exchange(s) as may be determined by the Issuer and the relevant Dealer, subject to Applicable Laws;
“Financial Indebtedness”	<p>means any indebtedness of any person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:</p> <ul style="list-style-type: none"> (a) amounts raised by acceptance under any acceptance credit facility; (b) amounts raised under any note purchase facility; (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases; (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is

deferred for a period in excess of 90 (ninety) days; and

- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

“Financial Markets Act”	the Financial Markets Act, 2012, as may be amended, supplemented or replaced from time to time;
“Fitch”	Fitch Ratings Limited (or, if applicable, any South African subsidiary or associated company of Fitch Ratings Limited) and its successors in title;
“Fixed Coupon Amount”	in relation to a Tranche of Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;
“Fixed Interest Payment Date”	in relation to a Tranche of Fixed Rate Notes, the date specified as such in the Applicable Pricing Supplement;
“Fixed Interest Period”	in relation to a Tranche of Fixed Rate Notes, the period from (and including) a Fixed Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;
“Fixed Rate Notes”	Notes which will bear interest at the Fixed Rate of Interest, as indicated in the Applicable Pricing Supplement;
“Fixed Rate of Interest”	in relation to a Tranche of Notes, the fixed rate of interest specified as such in the Applicable Pricing Supplement;
“Floating Rate Notes”	Notes which will bear interest at a floating rate as indicated in the Applicable Pricing Supplement and more fully described in Condition 8.2 (<i>Floating Rate Notes and Indexed Interest Notes</i>);
“Guarantee”	in relation to any Financial Indebtedness of any person, means any obligation of another person to pay such Financial Indebtedness (other than given in the ordinary course of business) including (without limitation): <p>(a) any obligation to purchase such Financial Indebtedness;</p>

	(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Financial Indebtedness;
	(c) any indemnity against the consequences of a default in the payment of such Financial Indebtedness; and
	(d) any other agreement to be responsible for such Financial Indebtedness;
“GCR”	Global Credit Ratings Co. Proprietary Limited (Registration Number: 1995/005001/07) (or, if applicable, any South African subsidiary or associated company of Global Credit Ratings Co. Proprietary Limited) and its successors in title;
“Higher Redemption Amount”	in relation to a Tranche of Notes, the higher redemption amount specified as such in the Applicable Pricing Supplement;
“IFRS”	the International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (“ IASB ”) and interpretations issued by the International Financial Reporting Interpretations Committee of IASB (as amended, supplemented or re-issued from time to time);
“Implied Yield”	the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;
“Income Tax Act”	Income Tax Act, 1962, as may be amended, supplemented or replaced from time to time;
“Index Interest Notes”	Notes in respect of which the Interest Amount is calculated by reference to an index and/or a formula, as indicated in the Applicable Pricing Supplement;
“Index-Linked Notes”	an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable;
“Indexed Redemption Amount Notes”	Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or formula as may be

	indicated in the Applicable Pricing Supplement;
“Individual Certificate”	a Note in the definitive registered form of a single certificate and being a certificate exchanged for a Beneficial Interest in accordance with Condition 12 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>) and any further certificate issued in consequence of a transfer thereof;
“Initial Broken Amount”	in relation to a Tranche of Notes, the initial broken amount specified as such in the Applicable Pricing Supplement;
“Instalment Amount”	the amount expressed as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
“Instalment Dates”	in relation to a Tranche of Instalment Notes, the dates specified as such in the Applicable Pricing Supplement;
“Instalment Notes”	Notes issued on the same date but redeemed in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as indicated in the Applicable Pricing Supplement;
“Interest Amount”	the amount of interest payable in respect of each Nominal Amount of Fixed Rate Notes, Floating Rate Notes and Index-Linked Notes, as determined in accordance with Condition 8 (<i>Interest</i>);
“Interest Commencement Date”	the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
“Interest Determination Date”	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
“Interest Payment Date”	the Interest Payment Date(s) specified in the Applicable Pricing Supplement or, if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last day of the Interest Period commencing on the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, commencing on the Interest Commencement Date;

“Interest Period”	in relation to a Tranche of Notes, each period beginning on (and including) the Interest Commencement Date or any interest Payment Date and ending on (but excluding) the next Interest Payment Date;
“Interest Rate” and “Rate of Interest”	the rate or rates of interest applicable to Notes other than Zero Coupon Notes as indicated in the Applicable Pricing Supplement;
“Interest Rate Market of the JSE”	the separate platform or sub-market of the JSE designated as the “Interest Rate Market” and on which notes (and other debt securities) may be listed;
“ISDA”	the International Swaps and Derivatives Association Inc.;
“ISDA Definitions”	the 2006 ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time) as specified in the Applicable Pricing Supplement;
“Issue Date”	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
“Issue Price”	in relation to a Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
“Issuer”	FirstRand Bank Limited (registration number 1929/001225/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa and registered as a bank in terms of the Banks Act;
“JSE”	the JSE Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the Financial Markets Act or any other exchange which operates as a successor exchange to the JSE;
“Last Day to Register”	with respect to a particular Tranche of Notes (as reflected in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Tranche of Notes and whereafter the Register is closed for further transfers or entries until the Payment Day;

“Mandatory Exchange”	in relation to a Tranche of Exchangeable Notes, the mandatory exchange specified as such in the Applicable Pricing Supplement;
“Margin”	in relation to a Tranche of Notes (where applicable), the margin specified as such in the Applicable Pricing Supplement;
“Material Indebtedness”	any Financial Indebtedness or Guarantee amounting in aggregate equal to or greater than 10% (ten percent) of the Total Assets of the Issuer and its Subsidiaries from time to time, as published in the latest consolidated audited financial statements of the Issuer (or its equivalent in other currencies at the time of the occurrence of an Event of Default);
“Maturity Date”	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
“Maximum Redemption Amount”	in relation to a Tranche of Notes, the maximum redemption amount specified as such in the Applicable Pricing Supplement;
“Minimum Redemption Amount”	in relation to a Tranche of Notes, the minimum redemption amount specified as such in the Applicable Pricing Supplement;
“Mixed Rate Notes”	Notes which will bear interest over respective periods at differing Interest Rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Index-Linked Notes each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 8.3 (<i>Mixed Rate Notes</i>);
“Moody’s”	Moody’s Investor Services Limited (or, if applicable, any South African subsidiary or associated company of Moody’s Investor Services Limited) and its successors in title and assigns;
“NACA”	nominal annual compounded annually;
“NACM”	nominal annual compounded monthly;
“NACQ”	nominal annual compounded quarterly;
“NACS”	nominal annual compounded semi-annually;

“Nominal Amount”	in relation to any Note, the total amount, excluding interest and any adjustments on account of any formula, owing by the Issuer under the Note, as specified in the Applicable Pricing Supplement;
“Noteholders”	the holders of the listed and/or unlisted registered Notes (as recorded in the Register);
“Noteholders Exchange Right”	if indicated as applicable in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities <i>in lieu</i> of cash from the Issuer upon redemption of such Notes;
“Notes”	the secured or unsecured notes issued or to be issued by the Issuer under the Programme, pursuant to this Programme Memorandum;
“Outstanding”	in relation to the Notes, all the Notes issued other than: <ul style="list-style-type: none">(a) those which have been redeemed in full;(b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption monies wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment;(c) those which have been purchased and cancelled as provided in Condition 10 (<i>Redemption and Purchase</i>);(d) those which have become prescribed under Condition 15 (<i>Prescription</i>);(e) those represented by those mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual Certificates pursuant to Condition 12 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>);(f) (for the purpose only of determining how many Notes

are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Individual Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Individual Certificates have been issued pursuant to Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*),

provided that for each of the following purposes:

- (i) the right to attend and vote at any meeting of the Noteholders; and
- (ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 19 (*Amendment of these Conditions*) and 20 (*Meetings of Noteholders*),

all Notes (if any) which are for the time being held by the Issuer (subject to any Applicable Law) or by any person for the benefit of the Issuer and not cancelled shall (unless and until ceasing to be so held), be deemed not to be Outstanding;

“Optional Redemption Amount”	in relation to a Tranche of Notes, the optional redemption amount specified as such in the Applicable Pricing Supplement;
“Participant”	a person accepted by the CSD as a participant in terms of section 31 of the Financial Markets Act;
“Partly-Paid Notes”	Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments (as indicated in the Applicable Pricing Supplement);
“Paying Agent”	RMB, or such other entity appointed by the Issuer as Paying Agent and specified in the Applicable Pricing Supplement, in which event that other entity shall act as Paying Agent in respect of that Tranche or Series of Notes;
“Payment Day”	any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes;

“Permitted Security Interest”

any Security Interest created or outstanding upon any property or assets (including current and/or future revenues, accounts receivables and other payments) of the Issuer or any Subsidiary arising out of any securitisation of such property or assets or other similar asset-backed finance transaction in relation to such property or assets where:

- (a)
 - i. the payment obligations secured by such Permitted Security Interest are to be discharged primarily from, and recourse under such Permitted Security Interest is limited to, the proceeds of such property or assets or a guarantee from an entity other than the Issuer or any of its consolidated Subsidiaries;
 - ii. such Security Interest is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice; or
- (b) each Security Interest is created by operation of law or arises out of statutory preferences; or
- (c) the Relevant Indebtedness secured by such Security Interest has been issued in order to secure the obligations of the Issuer or any Subsidiary to any Central Bank in respect of any liquidity facility or any other funding arrangement pursuant to which the Issuer or any Subsidiary incurs Financial Indebtedness provided by such Central Bank;

“Principal Subsidiary”

any Subsidiary (i) of which the Issuer owns more than 50% (fifty percent) of the ordinary shares and (ii) which represents at least 10% (ten percent) of the Total Assets of the Issuer from time to time, as published in the Issuer’s latest audited financial statements;

“Programme”

the FirstRand Bank Limited ZAR80,000,000,000.00 Domestic Medium Term Note Programme under which the Issuer may from time to time issue Notes;

“Programme Amount”	the maximum aggregate outstanding Nominal Amount of all of the Notes that may be issued under the Programme at any one point in time, being the authorised amount of ZAR80,000,000,000.00 or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Laws and the Programme Agreement, as set out in the section of this Programme Memorandum headed “ <i>General Description of the Programme</i> ”;
“Rating”	in relation to a Tranche of Notes (as and where applicable), the rating of the Tranche of Notes, the Issuer or the Programme granted by the Rating Agency, specified in the Applicable Pricing Supplement and in relation to the Issuer, the rating of the Issuer granted by the Rating Agency, as specified in the Applicable Pricing Supplement, and where a Tranche of Notes and/or the Issuer (as the case may be) is rated by more than 1 (one) Rating Agency, the lowest rating applied to such Tranche of Notes and/or the Issuer (as the case may be) will be deemed to be the applicable rating of such Tranche of Notes and/or the Issuer (as the case may be);
“Rating Agency”	Moody’s and/or Fitch and/or S&P and/or GCR and/or such other internationally-recognised rating agency(ies) as may be appointed by the Issuer for the purpose of rating a Tranche of Notes, the Issue or the Programme and as specified in the Applicable Pricing Supplement;
“Redemption Date”	the date upon which the Notes are redeemed by the Issuer, whether by way of redemption or maturity in terms of Condition 10.1 (<i>Redemption at Maturity</i>) or redemption for tax reasons in terms of Condition 10.2 (<i>Redemption for Tax Reasons</i>), as the case may be;
“Reference Banks”	the five leading banks in the South African inter-bank market selected by the Calculation Agent;
“Reference Price”	in relation to a Tranche of Notes (where applicable), the price specified as such in the Applicable Pricing Supplement;
“Reference Rate”	in relation to a Tranche of Notes (where applicable), the rate

specified as such in the Applicable Pricing Supplement;

“Register”

the register maintained by the Transfer Agent in terms of Condition 13 (*Register*);

“Regular Period”

(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to, but excluding the first Interest Payment Date and, each successive period from and including one Interest Payment Date to, but excluding the next Interest Payment Date;

(b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to, but excluding the next Regular Date, where **“Regular Date”** means the day and the month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to, but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“Relevant Date”

in respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the CSD in accordance with these Terms and Conditions, it means the first date on which (i) the full amount of such monies have been received by the CSD, (ii) such monies are available for payment to the holders of Beneficial Interests and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable

Procedures;

- “Relevant Indebtedness”** any present or future Financial Indebtedness which is in the form of any bond, note, debenture, debenture stock, loan stock, certificate or other similar security which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) and having an original maturity of more than 364 (three hundred and sixty-four) days from its date of issue;
- “Relevant Screen Page”** in relation to a Tranche of Notes (where applicable), the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the Applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;
- “Representative”** a person duly authorised to act on behalf of a Noteholder, the Transfer Agent and the Paying Agent who may be regarded by the Issuer (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder, Transfer Agent or Paying Agent;
- “RMB”** FirstRand Bank Limited (acting through its Rand Merchant Bank division) (registration number 1929/001225/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa and registered as a bank in terms of the Banks Act;
- “Security Interest”** any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;
- “Senior Noteholders”** the Noteholders of Senior Notes;
- “Senior Notes”** Notes issued with the status and characteristics set out in

Condition 5 (*Status of Senior Notes*);

“Series”	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: <ul style="list-style-type: none"> (a) expressed to be consolidated and form a single series; and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
“Specified Currency”	in relation to each Note in a Tranche of Notes, subject to all Applicable Laws and in the case of Notes listed on the Interest Rate Market of the JSE subject to the rules of the JSE, the currency specified in the Applicable Pricing Supplement;
“Specified Denomination”	in relation to each Note in a Tranche of Notes, the amount specified as such in the Applicable Pricing Supplement, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the Central Bank or regulator or any laws or regulations applicable to the Notes;
“South Africa” or “RSA”	the Republic of South Africa;
“S&P”	Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Incorporated (Registration No, 1996/014081/10), its successors-in-title and assigns;
“Subordinated Indebtedness”	in the event of the dissolution of the Issuer or if the Issuer is wound up or placed in liquidation or curatorship, any indebtedness of the Issuer, including any guarantee by the Issuer, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer;
“Subordinated Notes”	Notes issued with the status and characteristics set out in Condition 6 (<i>Status and characteristics of Subordinated Notes</i>);

“Subsidiary”	a subsidiary company as defined in Section 3(1)(a) of the Companies Act;
“Sub-unit”	with respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency;
“Terms and Conditions” or “Conditions”	the terms and conditions incorporated in this section headed “ <i>Terms and Conditions of the Notes</i> ” and in accordance with which the Notes will be issued;
“Total Assets of the Issuer”	the aggregate of all of the assets of the Issuer as set out in the most recently published audited unconsolidated financial statements of the Issuer from time to time;
“Total Assets of the Issuer and its Subsidiaries”	the aggregate of all of the assets of the Issuer and its Subsidiaries as set out in the most recently published audited consolidated financial statements of the Issuer from time to time;
“Tranche”	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);
“Transfer Agent”	RMB, unless the Issuer elects to appoint another entity as Transfer Agent in which event that other entity shall act as Transfer Agent in respect of that Tranche or Series of Notes, as specified in the Applicable Pricing Supplement;
“Transfer Form”	the written form for the transfer of a Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
“Wholly-Owned Subsidiary”	a wholly-owned subsidiary as defined in Section 1 of the Companies Act;
“ZAR”	the lawful currency of South Africa, being South African Rand, or any successor currency;
“ZAR-JIBAR-SAFEX”	the mid-market rate for deposits in ZAR for a period of the Designated Maturity (as indicated in the Applicable Pricing Supplement) that appears on the Reuters Screen SAFEX Page as at 11h00, Johannesburg time on the relevant date; and

“Zero Coupon Notes” Notes which will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late payment.

2. **ISSUE**

- 2.1. The Issuer may, at any time and from time to time (without the consent of any Noteholder), issue one or more Tranche(s) of Notes pursuant to the Programme; provided that the aggregate outstanding Nominal Amount of all of the Notes issued under the Programme from time to time does not exceed the Programme Amount.
- 2.2. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the applicable Terms and Conditions of that Tranche of Notes. The applicable Terms and Conditions of a Tranche of Notes are the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement relating to that Tranche of Notes.
- 2.3. The applicable Terms and Conditions of a Tranche of Notes are incorporated by reference into the Individual Certificate(s) (if any) representing the Notes in that Tranche. The Applicable Pricing Supplement relating to a Tranche of Notes issued in certificated form will be attached to the Individual Certificate(s) representing the Notes in that Tranche.

3. **FORM AND DENOMINATION**

3.1. General

- 3.1.1. A Tranche of Notes may be issued in the form of listed or unlisted registered Notes, as specified in the Applicable Pricing Supplement.
- 3.1.2. Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Note, a Dual Currency Note, a Mixed Rate Note, an Instalment Note, an Exchangeable Note, an Extendible Note, a Partly-Paid Note or such combination of any of the foregoing or such other type of Note that is approved by the JSE, or its successor, or such other or further Financial Exchange(s), as may be determined by the Issuer and specified in the Applicable Pricing Supplement.
- 3.1.3. All payments in relation to the Notes will be made in the Specified Currency. Each Note will be issued in the Specified Denomination.

3.1.4. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to any Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE.

3.2. Registered Notes

A Tranche of registered Notes will be issued in certificated form, as contemplated in Condition 3.3 (*Notes issued in certificated form*), or in uncertificated form, as contemplated in Condition 3.4 (*Notes issued in uncertificated form*), as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the Interest Rate Market of the JSE will be held in the CSD, as contemplated in Condition 3.4 (*Notes issued in uncertificated form*). A Tranche of unlisted Notes may also be held in the CSD, as contemplated in Condition 3.4 (*Notes issued in uncertificated form*).

3.3. Notes issued in certificated form

3.3.1. Each Tranche of Notes may, subject to Applicable Laws and the Applicable Procedures, be issued in certificated form.

3.3.2. All Notes issued in certificated form will be represented by Individual Certificates and a Register of Noteholders will be maintained.

3.4. Notes issued in uncertificated form

A Tranche of Notes which is listed on the Interest Rate Market of the JSE must, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act. Notes issued in uncertificated form will be held in the CSD. Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Note which is represented by an Individual Certificate may be replaced by uncertificated securities in terms of section 33 of the Financial Markets Act.

3.5. Beneficial Interests in Notes held in the CSD

3.5.1. A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may also be held in the CSD.

- 3.5.2. The CSD will hold Notes subject to the Financial Markets Act and the Applicable Procedures.
- 3.5.3. All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Notes.
- 3.5.4. A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).

3.6. Recourse to the BESA Guarantee Fund Trust

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust, even if such Notes are settled through the electronic settlement procedures of the JSE and the CSD. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE.

4. **TITLE**

4.1. Notes issued in certificated form

- 4.1.1. Each holder of Notes represented by an Individual Certificate will be named in the Register as the registered holder of such Notes.
- 4.1.2. Title to registered Notes will pass upon registration of transfer in the Register in accordance with Condition 14.2 (*Transfer of Notes Represented by Individual Certificates*).
- 4.1.3. The Issuer, the Transfer Agent and the Paying Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.

4.2. Notes issued in uncertificated form

The CSD's Nominee will be named in the Register as the registered holder of each Tranche of Notes which is issued in uncertificated form.

4.3. Beneficial Interests in Notes held in the CSD

4.3.1. While a Tranche of uncertificated Notes is held in its entirety in the CSD, the CSD's Nominee will be named in the Register as the sole Noteholder of the Notes in that Tranche.

4.3.2. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.

4.3.3. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through their Participants.

4.3.4. In relation to each person shown in the records of the CSD or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of Notes, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the aggregate Nominal Amount of such Notes standing to the account of such person shall be prima facie proof of such Beneficial Interest. The CSD's Nominee (as the registered holder of such Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Notes for all purposes.

4.3.5. Beneficial Interests in Notes may be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the

Register as the registered holder of such Notes, notwithstanding such transfers.

- 4.3.6. Any reference in the Terms and Conditions to the relevant Participant shall, in respect of a Beneficial Interest, be a reference to the Participant appointed to act as such by the holder of such Beneficial Interest.

5. STATUS OF SENIOR NOTES

Unless otherwise specified in the Applicable Pricing Supplement, the Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (save for certain debts required to be preferred by law and subject to Condition 7 (*Negative Pledge*)) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

6. STATUS AND CHARACTERISTICS OF SUBORDINATED NOTES

- 6.1. Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those which have been accorded preferential rights by law.
- 6.2. Subject to Applicable Law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, curatorship or wound-up, the claims of the persons entitled to payment of amounts due in respect of the Subordinated Notes, shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness to the extent that, in any such event and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all of the persons entitled to payment of amounts due in respect of the Subordinated Notes in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such curatorship, dissolution, insolvency or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

7. NEGATIVE PLEDGE

- 7.1. This Condition 7 only applies to Senior Notes.
- 7.2. So long as any Tranche of the Senior Notes remains Outstanding, the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries shall, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon

the whole or any part of its present or future undertakings, assets or revenues to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness (save for those which have been accorded a preference by law) without (i) at the same time or prior thereto securing the Senior Notes equally and rateably therewith or (ii) providing such other security for the Senior Notes, as may be approved by an Extraordinary Resolution of the Senior Noteholders, unless the provision of any such security is waived by an Extraordinary Resolution of the Senior Noteholders.

8. INTEREST

8.1. Fixed Rate Notes

- 8.1.1. Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly-Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement at the rate(s) per annum equal to the Fixed Rate of Interest so specified, payable in arrear on the Fixed Interest Payment Dates in each year up to and including the Maturity Date.
- 8.1.2. The first payment of interest will be made on the Fixed Interest Payment Date next following the Interest Commencement Date.
- 8.1.3. Except as provided in the Applicable Pricing Supplement, the amount of interest payable per Note on each Fixed Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount, provided that:
- 8.1.3.1. if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and
- 8.1.3.2. if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.
- 8.1.4. If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, as specified in the Applicable Pricing Supplement, and rounding the resultant figure to the nearest Sub-unit of

the relevant Specified Currency, half such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

8.2. Floating Rate Notes and Indexed Interest Notes

8.2.1. Interest Payment Dates

Each Floating Rate Note and Indexed Interest Note bears interest on its outstanding Nominal Amount (or, if it is a Partly-Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement, and such interest will be payable in arrears on the Interest Payment Date(s) in each year specified in the Applicable Pricing Supplement. Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

8.2.2. Rate of Interest

The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the Applicable Pricing Supplement.

8.2.3. Minimum and/or Maximum Rate of Interest

If the Applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the Applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

8.2.4. Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent, in the case of Floating Rate Notes and Indexed Interest Notes will at, or as soon as is practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the Interest Amount payable in respect of each Floating Rate Note and Indexed Interest Note in respect of each Specified Denomination for the relevant Interest Period, and the Calculation Agent shall notify the Issuer of the Rate of Interest for the relevant Interest Period as soon as is practicable after calculating the same. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest Sub-unit of the relevant Specified Currency, half a Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

8.2.5. Interest Determination, Screen Rate Determination including Fallback Provisions

8.2.5.1. Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA RateK plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph, “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by such agent as is specified in the Applicable Pricing Supplement under an interest rate swap transaction if that agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the most recent ISDA Definitions and under which:

8.2.5.1.1. the Floating Rate Option is as specified in the Applicable Pricing Supplement;

8.2.5.1.2. the Designated Maturity is the period specified in the Applicable Pricing Supplement; and

- 8.2.5.1.3. the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on ZAR-JIBAR-SAFEX, the first day of that Interest Period; or (ii) in any other case, as specified in the Applicable Pricing Supplement.
- 8.2.5.2. For the purposes of the above sub-paragraph “**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions specified in the Applicable Pricing Supplement.
- 8.2.5.3. Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to the provisions below, be either:
- 8.2.5.3.1. if the Relevant Screen Page is available,
- 8.2.5.3.1.1. the offered quotation (if only one quotation appears on the screen page); or
- 8.2.5.3.1.2. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,
- (expressed as a percentage per annum) for the Reference Rate which appears on the Relevant Screen Page as at 11h00 (or as otherwise specified in the Applicable Pricing Supplement) (Johannesburg time) on the Interest Determination Date in question plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all

as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; or

8.2.5.3.2. if the Relevant Screen Page is not available or if, in the case of clause 8.2.5.3.1.1 above, no such offered quotation appears or, in the case of clause 8.2.5.3.1.2 above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11h00 (Johannesburg time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent; or

8.2.5.3.3. if the Rate of Interest cannot be determined by applying the provisions of clauses 8.2.5.3.1 and 8.2.5.3.2 above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any 2 (two) or more of them, at which such banks offered, at approximately 11h00 (Johannesburg time) on the relevant Interest Determination Date, deposits in an amount approximately equal to the nominal amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate to prime banks in the Johannesburg inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than 2 (two) of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the nominal amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 11h00 (Johannesburg time) on the relevant Interest Determination Date, by the Reference Banks plus or minus (as appropriate) the Margin (if any). If the Rate of Interest cannot be determined in accordance with the foregoing provisions of

this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

8.2.5.4. If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Applicable Pricing Supplement as being other than ZAR-JIBAR-SAFEX, the Rate of Interest in respect of such Notes will be determined as provided in the Applicable Pricing Supplement.

8.2.6. Notification of Rate of Interest and Interest Amount

The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the JSE and the CSD and/or every other relevant Financial Exchange or authority as soon as possible after their determination but in any event no later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the JSE, the CSD and/or every other relevant Financial Exchange or authority and to the Noteholders in accordance with Condition 18 (*Notices*).

8.2.7. Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this sub-paragraph 8.2 (*Floating Rate Notes and Indexed Interest Notes*), by the Calculation Agent shall (in the absence of wilful deceit, bad faith or manifest error or proven error) be binding on the Issuer and all Noteholders and in the absence as aforesaid no liability to the Issuer or the Noteholders shall attach to the

Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

8.3. Dual Currency Notes

In the case of Dual Currency Notes, the Interest Rate or Interest Amount payable shall be determined in the manner specified in the Applicable Pricing Supplement.

8.4. Mixed Rate Notes

The Interest Rate payable from time to time on Mixed Rate Notes shall be the Interest Rate payable on the form of interest-bearing Note (be it a Fixed Rate Note or Floating Rate Note or Index-Linked Note) specified for each respective period, each as specified in the Applicable Pricing Supplement. During each such applicable period, the Interest Rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes or Index-Linked Notes, as the case may be.

8.5. Interest on Indexed Notes

In the case of Indexed Notes, if the Interest Rate or Final Redemption Amount falls to be determined by reference to an index and/or a formula, such rate or amount payable shall be determined in the manner specified in the Applicable Pricing Supplement. Any interest payable shall fall due for payment on the Interest Payment Date(s).

8.6. Interest on Partly-Paid Notes

In the case of Partly-Paid Notes (other than Partly-Paid Notes which are Zero Coupon Notes), interest will accrue on the paid-up Nominal Amount of such Notes and otherwise as specified in the Applicable Pricing Supplement.

8.7. Interest on Instalment Notes

In the case of Instalment Notes, interest will accrue on the amount outstanding on the relevant Note from time to time and otherwise as specified in the Applicable Pricing Supplement.

8.8. Interest on Extendible Notes

If the Redemption Date of Extendible Notes is extended by the Issuer, the Interest Rate in respect of the Nominal Amount Outstanding will be increased by the Step-up

Margin, from (and including) the Redemption Date to (but excluding) the Actual Redemption Date.

8.9. Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Default Rate specified in the Applicable Pricing Supplement until the date on which all amounts due in respect of such Note have been paid, or, in respect of uncertificated Notes, the date on which the full amount of the money payable has been received by the CSD and/or the Participants and notice to that effect has been given to Noteholders in accordance with Condition 18 (*Notices*).

8.10. Business Day Convention

If any Interest Payment Date (or other date), which is specified in the Applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention, falls on a day that is not a Business Day, then, if the Business Day Convention specified is:

- 8.10.1. the “**Floating Rate Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months, or other period specified as the Interest Period in the Applicable Pricing Supplement, after the preceding applicable Interest Payment Date (or other date) has occurred; or
- 8.10.2. the “**Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- 8.10.3. the “**Modified Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month,

in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or

- 8.10.4. the “**Preceding Business Day Convention**”, such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

9. PAYMENTS

9.1. General

- 9.1.1. Where any amounts are due and payable under the Senior Notes, such amounts shall be settled in full before any amounts are paid under the Subordinated Notes.

- 9.1.2. Payments of principal and/or interest on an Individual Certificate shall be made to the Transfer Agent, who will in turn, acting on behalf of the Issuer in accordance with the terms and conditions of the Agency Agreement, make payment to the registered holder of such Note, as set forth in the Register on the close of business on the Last Day to Register (as specified in the Applicable Pricing Supplement). In addition to the above, in the case of a final redemption payment, the holder of the Individual Certificate shall be required, on or before the Last Day to Register prior to the Maturity Date, to surrender such Individual Certificate at the offices of the Transfer Agent.

- 9.1.3. Payments of principal and/or interest in respect of uncertificated Notes shall be made to the CSD and/or the Participants, as shown in the Register on the Last Day to Register, and the Issuer will be discharged by proper payment to the CSD and/or the Participants, in respect of each amount so paid. Each of the persons shown in the records of the CSD and the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes.

9.2. Method of Payment

- 9.2.1. Payments will be made in the Specified Currency by credit or transfer, by means of electronic settlement, to the Noteholder.

- 9.2.2. If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque marked "not transferable" (or by such number of cheques as may be required in accordance with applicable banking law and practice to make payment of any such amounts). Such payments by cheque shall be sent by post to the address of the Noteholder as set forth in the Register or, in the case of joint Noteholders, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note.
- 9.2.3. Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer, nor the Transfer Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 9.2 (*Method of Payment*).
- 9.2.4. In the case of joint Noteholders, payment by electronic funds transfer will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.
- 9.2.5. Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*).

9.3. Payment Day

Unless a different Business Day Convention is specified in the Applicable Pricing Supplement and if the date for payment of any amount in respect of any Note is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

9.4. Interpretation of Principal and Interest

- 9.4.1. Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:
- 9.4.1.1. any additional amounts which may be payable with respect to principal under Condition 11 (*Taxation*);
 - 9.4.1.2. the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
 - 9.4.1.3. the Optional Redemption Amount(s) (if any);
 - 9.4.1.4. in relation to Instalment Notes, the Instalment Amounts;
 - 9.4.1.5. in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 10.5.1.3); and
 - 9.4.1.6. any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes, but excluding for the avoidance of doubt, interest.
- 9.4.2. Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 11 (*Taxation*).

10. **REDEMPTION AND PURCHASE**

10.1. Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer in the Specified Currency at its Final Redemption Amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement on the Maturity Date.

10.2. Redemption for Tax Reasons

- 10.2.1. Notes may be redeemed at the option of the Issuer at any time (in the case of Notes other than Floating Rate Notes having an Interest Rate then determined on a floating basis) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 (thirty) nor more than 60 (sixty) calendar days' notice to the Noteholders prior to

such redemption, in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable), if the Issuer, immediately prior to the giving of such notice, is of the reasonable opinion that:

10.2.1.1. as a result of any change in, or amendment to, the laws or regulations of South Africa or any political sub-division of, or any authority in, or of, South Africa having power to tax, or any change or amendment which becomes effective after the relevant Issue Date, the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 11 (*Taxation*); and

10.2.1.2. the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 (ninety) calendar days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Notes may be redeemed by the Issuer in accordance with this Condition 10.2 (*Redemption for Tax Reasons*) in whole or in part. A redemption in part may be effected by the Issuer:

10.2.1.3. notwithstanding that such partial redemption may not entirely avoid such obligation to pay additional amounts as provided for or referred to in Condition 11 (*Taxation*); and

10.2.1.4. *mutatis mutandis* in the manner described in Condition 10.3 (*Redemption at the Option of the Issuer*), provided that the references to the giving of notice, to the Minimum Redemption Amount and to the Higher Redemption Amount (as specified in the Applicable Pricing Supplement) therein shall be disregarded for such purposes.

10.2.2. Notes redeemed for tax reasons pursuant to this Condition 10.2 (*Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 10.5 (*Early Redemption Amounts*), together (if appropriate) with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption or as specified in the Applicable Pricing Supplement.

10.3. Redemption at the Option of the Issuer

- 10.3.1. If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Issuer may, having given not less than 30 (thirty) nor more than 60 (sixty) calendar days' irrevocable notice to the Noteholders in accordance with Condition 18 (*Notices*), redeem all or some of the Notes (to which such Applicable Pricing Supplement relates) then Outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).
- 10.3.2. Any such redemption must be of a Nominal Amount equal to the Minimum Redemption Amount or a Higher Redemption Amount, both as indicated in the Applicable Pricing Supplement.
- 10.3.3. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by Individual Certificates, and in accordance with the Applicable Procedures in the case of Redeemed Notes which are uncertificated, and in each case not more than 60 (sixty) calendar days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**").
- 10.3.4. In the case of Redeemed Notes represented by Individual Certificates, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 18 (*Notices*) not less than 30 (thirty) calendar days prior to the date fixed for redemption. The aggregate Nominal Amount of Redeemed Notes represented by Individual Certificates shall bear the same proportion to the aggregate Nominal Amount of all Redeemed Notes as the aggregate Nominal Amount of Individual Certificates outstanding bears to the aggregate Nominal Amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate Nominal Amount of Redeemed Notes which are uncertificated shall be equal to the balance of the Redeemed Notes. No exchange of the relevant uncertificated Notes will be permitted during the period from and including the Selection Date to and including the date

fixed for redemption pursuant to this sub-paragraph, and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 18 (*Notices*) at least 10 (ten) calendar days prior to the Selection Date.

10.3.5. Holders of Redeemed Notes shall surrender the Individual Certificates, if any, representing the Notes in accordance with the provisions of the notice given to them by the Issuer as contemplated above. Where only a portion of the Notes represented by such Individual Certificates is redeemed, the Transfer Agent shall deliver new Individual Certificates to the CSD or such Noteholders, as the case may be, in respect of the balance of the Notes.

10.4. Redemption at the Option of the Senior Noteholders

10.4.1. If Senior Noteholders are specified in the Applicable Pricing Supplement as having an option to request the redemption of Notes, such Senior Noteholders may exercise such option in respect of such Notes represented by Individual Certificates by delivering to the Transfer Agent, in accordance with Condition 18 (*Notices*), a duly executed notice ("**Put Notice**") in unaltered form, at least 30 (thirty) calendar days but not more than 60 (sixty) calendar days, prior to the Optional Redemption Date.

10.4.2. Where redemption in part has been permitted in the Applicable Pricing Supplement, the redemption amount specified in such Put Notice in respect of any such Note must be of a principal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Higher Redemption Amount, each as indicated in the Applicable Pricing Supplement.

10.4.3. The redemption by the Senior Noteholders of uncertificated Notes shall take place in accordance with the Applicable Procedures.

10.4.4. The Issuer shall proceed to redeem the Notes in respect of which such option has been exercised in accordance with the terms of the Applicable Pricing Supplement, at the Optional Redemption Amount and on the Optional Redemption Date, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

10.4.5. In the event that the redeeming Noteholder is the holder of an Individual Certificate, then such Noteholder shall (attached to the Put Notice)

deliver the Individual Certificate to the Transfer Agent at least 1 (one) Business Day prior to the Optional Redemption Date, for cancellation failing which the Put Notice shall be invalid. A holder of an Individual Certificate shall in that holder's Put Notice specify a bank account in South Africa into which the redemption payment amount is to be paid.

- 10.4.6. The delivery of Put Notices shall be required to take place during normal office hours to the Issuer and Transfer Agent. Put Notices shall be available for inspection at the specified offices of the Transfer Agent.
- 10.4.7. Any Put Notice given by a holder of any Senior Note pursuant to this paragraph shall be irrevocable except where after giving the notice but prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such Noteholder, at its option, may elect by notice to the Issuer, delivered at least 1 (one) Business Day prior to the Optional Redemption Date, to withdraw the notice given pursuant to this paragraph and instead to declare such Senior Note forthwith due and payable pursuant to Condition 16 (*Events of Default*).
- 10.4.8. The Issuer shall have no obligation to remedy any defects in any Put Notice or bring any such defects to the attention of any Noteholder and shall not be liable whatsoever for any claims or losses arising in connection with a defective or invalid Put Notice.

10.5. Early Redemption Amounts

- 10.5.1. For the purpose of Condition 10.2 (*Redemption for Tax Reasons*) and Condition 16 (*Events of Default*), the Notes will be redeemed at the Early Redemption Amount calculated as follows:
- 10.5.1.1. in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
or
- 10.5.1.2. in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their Nominal Amount; or

10.5.1.3. in the case of Zero Coupon Notes, at an amount (the “**Amortised Face Amount**”) equal to the sum of: (i) the Reference Price; and (ii) the product of the Implied Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable, or such other amount as is provided in the Applicable Pricing Supplement.

10.5.2. Where such calculation is to be made for a period which is not a whole number of years, it shall be calculated on the basis of actual days elapsed divided by 365 (three hundred and sixty-five), or such other calculation basis as may be specified in the Applicable Pricing Supplement.

10.6. Instalment Notes

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Conditions 10.2 (*Redemption for Tax Reasons*) or 16 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 10.5 (*Early Redemption Amounts*) above.

10.7. Partly-Paid Notes

If the Notes are Partly-Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 10.7 (*Partly-Paid Notes*) and the Applicable Pricing Supplement. In the case of early redemption in accordance with Conditions 10.2 (*Redemption for Tax Reasons*) or 16 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 10.5 (*Early Redemption Amounts*).

10.8. Exchangeable Notes

If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in the manner indicated in the Applicable Pricing Supplement. Exchangeable Notes in respect of which Mandatory Exchange is indicated in the Applicable Pricing Supplement as applying, or upon the exercise by the Noteholder of the Noteholder’s Exchange Right (if applicable), will be redeemed by the Issuer’s delivering to each Noteholder as many of the Exchange Securities as

are required in accordance with the Exchange Price. The delivery by the Issuer of the Exchange Securities in the manner set out in the Applicable Pricing Supplement shall constitute the *in specie* redemption in full of such Notes.

10.9. Purchases

The Issuer or any of its Subsidiaries may at any time purchase Notes at any price in the open market or otherwise. Such Notes may, subject to Applicable Law, be held, resold, or, at the option of the Issuer, surrendered to the Transfer Agent for cancellation. The Issuer shall not have any voting rights on any Notes repurchased or otherwise held by it.

10.10. Cancellation

All Notes which have been redeemed will forthwith be cancelled. All Notes so cancelled shall be forwarded to the Issuer and cannot be re-issued or resold. Where only a portion of Notes represented by an Individual Certificate are cancelled, the Transfer Agent shall deliver an Individual Certificate to such Noteholder in respect of the balance of the Notes.

10.11. Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 10 (*Redemption and Purchase*) or upon its becoming due and repayable as provided in Condition 16 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 10.5.1.3 above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of: (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and (ii) 5 (five) calendar days after the date on which the full amount of the monies payable has been received by the CSD, and notice to that effect has been given to the Noteholder in accordance with Condition 18 (*Notices*) below.

10.12. Applicable Procedures

The redemption and partial redemption of Beneficial Interests shall take place in accordance with the Applicable Procedures and the Financial Markets Act.

11. TAXATION

- 11.1. All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of South Africa or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, and provided that all payments by or on behalf of the Issuer in respect of the Notes will be made subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor provisions), any regulations or agreements thereunder, official interpretations thereof, any intergovernmental approach thereto, or implementing legislation adopted by another jurisdiction in connection with these provisions (for a summary of the current law in relation to the withholding or deduction of taxes levied in South Africa, see “*South African Taxation*” below).
- 11.2. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note:
- 11.2.1. held by or on behalf of a Noteholder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with South Africa other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
- 11.2.2. held by or on behalf of a Noteholder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying with any statutory requirements in force at the present time or in the future including, without limitation, by making a declaration of non-residence or other similar claim or filing for exemption to which it is entitled to the relevant tax authority or the Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or
- 11.2.3. held by or on behalf of a Noteholder who could lawfully reduce (but has not so reduced) such withholding or deduction by complying with any

statutory requirements in force at the present time or in the future including, without limitation, by making a declaration of non-residence or other similar claim or filing for the reduction to which it is entitled to the relevant tax authority or the Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Noteholder) – to the extent that such Noteholder could lawfully reduce such withholding or deduction but failed to do so; or

- 11.2.4. held by or on behalf of a Noteholder in circumstances where such party could lawfully reduce the amount of taxation otherwise levied or leviable upon the principal or interest by virtue of any non-South African tax laws applicable to such Noteholder, whether by way of a tax credit, rebate deduction or reduction equal to all or part of the amount withheld or otherwise, and whether or not it is actually claimed and/or granted and/or allowed; or
- 11.2.5. where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the income or taxable income (as defined in section 1 of the Income Tax Act) or capital gain (as contemplated in paragraph 3 of Schedule 8 to the Income Tax Act) or taxable capital gain (as defined in paragraph 1 of Schedule 8 to the Income Tax Act) of any Noteholder; or
- 11.2.6. in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature which are payable otherwise than by withholding from payment of principal or interest, if any, with respect to such Note; or
- 11.2.7. where (in the case of payment of principal and/or interest which is conditional on surrender and/or presentation of the relevant Individual Certificate in accordance with the Terms and Conditions) the relevant Individual Certificate is surrendered and/or presented more than 30 (thirty) days after the Relevant Date, except to the extent that the Noteholder thereof would have been entitled to an additional amount on presenting or surrendering the Individual Certificate for payment on such thirtieth day; or
- 11.2.8. if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters; or

- 11.2.9. if such withholding or deduction arises in terms of the US Foreign Account Tax Compliance Act (“**FATCA**”), any regulations or agreements thereunder, official interpretations thereof, any intergovernmental approach thereto, or implementing legislation adopted by another jurisdiction in connection with FATCA; or
 - 11.2.10. where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive; or
 - 11.2.11. any combination of the scenarios or occurrences contemplated in Conditions 11.2.1 to 11.2.10 above.
- 11.3. Any reference in these Terms and Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under these Terms and Conditions or under any undertakings given in addition to, or in substitution for, these Terms and Conditions.

12. **EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES**

12.1. Exchange of Beneficial Interests

- 12.1.1. The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 42 read with section 35(2)(i) of the Financial Markets Act (or such other relevant section of any successive legislation), by written notice to the holder’s nominated Participant (or, if such holder is a Participant, the CSD), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Individual Certificate (the “**Exchange Notice**”). The Exchange Notice shall specify (i) the name, address and bank account details of the holder of the Beneficial Interest and (ii) the day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) calendar days after the day on which such Exchange Notice is given.
- 12.1.2. The holder’s nominated Participant will, following receipt of the Exchange Notice, through the CSD, notify the Transfer Agent that it is required to

exchange such Beneficial Interest for Notes represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) calendar days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 (fourteen) day period, to the Participant acting on behalf of the holder of the Beneficial Interest in respect of the conversion at the specified office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.

12.1.3. In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:

12.1.3.1. the CSD's Nominee shall, prior to the date on which the Beneficial Interest in Notes is to be exchanged as contemplated in Condition 12.1.3, surrender (through the CSD system) such uncertificated Notes to the Transfer Agent at its specified office; and

12.1.3.2. the Transfer Agent will obtain the release of such uncertificated Notes from the CSD in accordance with the Applicable Procedures.

12.1.4. An Individual Certificate shall, in relation to a Beneficial Interest:

12.1.4.1. in a Tranche of Notes which is held in the CSD, represent that number of Notes as have, in the aggregate, the same aggregate Nominal Amount of Notes standing to the account of the holder of such Beneficial Interest; or

12.1.4.2. in any number of Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Nominal Amount,

as the case may be, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Nominal Amount is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, such Individual

Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

- 12.1.5. Subject always to Applicable Laws and the Applicable Procedures, upon the replacement of a Beneficial Interest in Notes with Notes in definitive form represented by an Individual Certificate in accordance with this Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*), such Notes (now represented by an Individual Certificate) will cease to be listed on the Financial Exchange and will no longer be lodged in the CSD. Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

12.2. Replacement

If any Individual Certificate is worn out, mutilated, defaced, stolen, destroyed or lost it may be replaced at the specified office of the Transfer Agent, on payment by the claimant of such costs and expenses as may be incurred in connection therewith and the provision of such indemnity as the Issuer and the Transfer Agent may reasonably require. Mutilated or defaced Individual Certificates must be surrendered at the specified office of the Transfer Agent before replacements will be issued.

12.3. Death and sequestration or liquidation of Noteholder

Any person becoming entitled to registered Notes in consequence of the death, sequestration or liquidation of the holder of such Notes may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 12.3 (*Death and sequestration or liquidation of Noteholder*) or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the Applicable Procedures, this Condition 12.3 (*Death and sequestration or liquidation of Noteholder*) and Condition 14.2 (*Transfer of Notes represented by Individual Certificates*), may transfer such Notes. The Issuer and (if applicable) the CSD and the relevant Participant shall be entitled to retain any amount payable upon the Notes to which any person is so entitled until such person shall be registered as aforesaid or shall duly transfer the Notes.

12.4. Costs

The costs and expenses of the printing, issue and delivery of each Individual Certificate and all taxes and governmental charges or insurance charges that may be

imposed in relation to such Individual Certificate and/or the printing, issue and delivery of such Individual Certificate shall be borne by the holder of the Notes represented by that Individual Certificate. Separate costs and expenses relating to the provision of Individual Certificates and/or the transfer of Notes may be levied by other persons, such as a Participant, under the Applicable Procedures, and such costs and expenses shall not be borne by the Issuer.

13. REGISTER

- 13.1. The Register of Noteholders shall:
 - 13.1.1. be kept at the specified office of the Transfer Agent or such other person as may be appointed for the time being by the Issuer to maintain the Register;
 - 13.1.2. contain the names, addresses and bank account numbers of the registered Noteholders;
 - 13.1.3. show the total Nominal Amount of the Notes held by Noteholders;
 - 13.1.4. show the dates upon which each of the Noteholders was registered as such;
 - 13.1.5. show the serial numbers of the Individual Certificates and the dates of issue thereof;
 - 13.1.6. be open for inspection at all reasonable times during business hours on Business Days by any Noteholder or any person authorised in writing by a Noteholder; and
 - 13.1.7. be closed during each Books Closed Period.
- 13.2. The Transfer Agent shall alter the Register in respect of any change of name, address or account number of any of the Noteholders of which it is notified.
- 13.3. Except as provided for in these Terms and Conditions or as required by law, in respect of Notes, the Issuer will only recognise a Noteholder as the owner of the Notes registered in that Noteholder's name as per the Register.
- 13.4. Except as provided for in these Terms and Conditions or as required by law, the Issuer shall not be bound to enter any trust in the Register or to take notice of or to

accede to the execution of any trust (express, implied or constructive) to which any Individual Certificate may be subject.

14. TRANSFER OF NOTES

14.1. Transfer of registered Notes

14.1.1. Transfer of Beneficial Interests in Notes held in the CSD

14.1.1.1. Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the CSD.

14.1.1.2. Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the securities accounts maintained by the Participants for their clients, in accordance with the Applicable Procedures.

14.1.1.3. Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the CSD for the Participants, in accordance with the Applicable Procedures.

14.1.1.4. Transfers of Beneficial Interests in Notes will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the Register as the Noteholder of such Notes notwithstanding such transfers.

14.2. Transfer of Notes represented by Individual Certificates

14.2.1. In order for any transfer of Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:

14.2.1.1. the transfer of such Notes must be embodied in a Transfer Form;

14.2.1.2. the Transfer Form must be signed by the registered Noteholder of such Notes and the transferee, or any authorised representatives of that registered Noteholder or transferee; and

- 14.2.1.3. the Transfer Form must be delivered to the Transfer Agent at its specified office together with the Individual Certificate representing such Notes for cancellation.
- 14.2.2. Notes represented by an Individual Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).
- 14.2.3. Subject to this Condition 14.2 (*Transfer of Notes represented by Individual Certificates*), the Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Notes represented by an Individual Certificate (or the relevant portion of such Notes) in the Register, and authenticate and deliver to the transferee at the Transfer Agent's specified office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Individual Certificate in respect of the Notes transferred reflecting the outstanding Nominal Amount of the Notes transferred.
- 14.2.4. Where a Noteholder has transferred a portion only of Notes represented by an Individual Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's specified office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, at the risk of such Noteholder, a new Individual Certificate representing the balance of the Notes held by such Noteholder.
- 14.2.5. The transferor of any Notes represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 14.2.6. Before any transfer of Notes represented by an Individual Certificate is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.

- 14.2.7. No transfer of any Notes represented by an Individual Certificate will be registered whilst the Register is closed as contemplated in Condition 13 (*Register*).
- 14.2.8. If a transfer of any Notes represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.
- 14.2.9. If a transfer is registered then the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.
- 14.2.10. In the event of a partial redemption of Notes under Condition 10.3 (*Redemption of the Option at the Issuer*), the Transfer Agent shall not be required in terms of Condition 10.3 (*Redemption of the Option at the Issuer*), to register the transfer of any Notes during the period beginning on the tenth day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive).
- 14.2.11. The Notes shall, upon transfer, be fully paid up.

15. **PRESCRIPTION**

The Notes will become void unless presented for payment of principal within a period of 3 (three) years after their redemption date, save that any Individual Certificate constituting a “*bill of exchange or other negotiable instrument*” in accordance with section 11 of the Prescription Act, 1969 will become void unless presented for payment of principal and interest within a period of 6 (six) years from the Relevant Date.

16. **EVENTS OF DEFAULT**

16.1. Senior Notes

- 16.1.1. This Condition 16.1 (*Senior Notes*) only applies to Senior Notes.
- 16.1.2. If, for any particular Series of Notes, one or more of the following events (“**Events of Default**”) shall have occurred and be continuing:
- 16.1.2.1. the Issuer fails to pay any Nominal Amount due under the Senior Notes on its due date for payment thereof and any such failure continues for a period of 5 (five) Business Days, after receiving written notice from any of the Senior Noteholders demanding such payment; or

- 16.1.2.2. the Issuer fails to pay any interest due under the Senior Notes on its due date for payment thereof and any such failure continues for a period of 3 (three) Business Days, after receiving written notice from any of the Senior Noteholders demanding such payment; or
- 16.1.2.3. the Issuer fails to perform or observe any of its other material obligations or undertakings (not specifically covered elsewhere in this clause 16.1 (*Senior Notes*)) under or in respect of any of the Senior Notes and such failure continues for a period of 30 (thirty) calendar days after receipt by the Issuer of a notice from the Senior Noteholders (in accordance with Condition 18 (*Notices*)) in respect of such failure specifying the failure and requesting the Issuer to remedy same; or
- 16.1.2.4. the Issuer fails to remedy a breach of Condition 7 (*Negative Pledge*) within 21 (twenty-one) Business Days of receiving written notice from the Senior Noteholders demanding such remedy; or
- 16.1.2.5. the Issuer or any Principal Subsidiary, as the case may be, defaults in the payment of the principal or interest, or any obligations in respect of Material Indebtedness of, or assumed or guaranteed by the Issuer or any Principal Subsidiary, as the case may be, when and as the same shall become due and payable and where notice has been given to the Issuer or any Principal Subsidiary, as the case may be, of the default and if such default shall have continued for more than the notice period (if any) applicable thereto and the time for payment of such interest or principal or other obligation has not been effectively extended or if any such obligations constituting a Material Indebtedness of, or assumed or guaranteed by, the Issuer or any Principal Subsidiary, as the case may be, shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of any event of default thereunder; or

- 16.1.2.6. any action, condition or thing, including obtaining any consent, licence approval or authorisation now or in future necessary to enable the Issuer to comply with its respective obligations under the Notes is not in place or any such consent, licence, approval or authorisation shall be revoked, modified, withdrawn or withheld or shall cease to be in full force and effect, resulting in the Issuer being unable to perform any of its respective payment or other obligations in terms of the Notes and the Issuer fails to remedy such circumstances within 21 (twenty-one) Business Days of receiving written notice from the Noteholders demanding such remedy; or
- 16.1.2.7. the Issuer or any Principal Subsidiary, as the case may be, initiates or consents to judicial proceedings relating to itself, an order by any court of competent jurisdiction or authority for the liquidation, winding-up, dissolution, curatorship or analogous proceedings of the Issuer or any Principal Subsidiary, as the case may be, is made whether provisionally (and not dismissed or withdrawn within 21 (twenty one) Court Days thereof) or finally, or the Issuer or any Principal Subsidiary, as the case may be, is placed under voluntary liquidation or curatorship, provided that no liquidation, curatorship, winding-up, dissolution, judicial management or analogous proceedings shall constitute an Event of Default if (i) the liquidation, curatorship, winding-up, dissolution, business rescue, judicial management or analogous proceedings is for the purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement within the Issuer or any of its Subsidiaries with any third party; or (ii) the liquidation, curatorship, winding-up, dissolution, business rescue, judicial management or analogous proceedings is for the purposes of effecting an amalgamation, merger, demerger, consolidation, reorganization or other similar arrangement, the terms of which were approved by an Extraordinary Resolution of Noteholders before the date of the liquidation, curatorship, winding-up, dissolution, business rescue, judicial management or analogous proceedings; or

- 16.1.2.8. the Issuer or any Principal Subsidiary, as the case may be, initiates or consents to the commencement of judicial proceedings relating to itself under any applicable compromise with creditors, liquidation, curatorship, winding-up or insolvency or other similar laws or compromises or attempts to compromise, with its creditors generally (or any significant class of creditors) or any meeting of creditors is convened by the Issuer or any Principal Subsidiary, as the case may be, to consider a proposal for an arrangement or compromise with its creditors generally (or any significant class of its creditors), save for any such initiation, consent, attempt or convening of a meeting which relates to the Issuer or any of its Principal Subsidiaries and is for the purposes of an internal reconstruction or reorganisation within the Issuer or any of its Subsidiaries; or
- 16.1.2.9. if a person validly attaches in execution the whole or a material part of the undertaking or assets of the Issuer or any Principal Subsidiary, as the case may be, or an execution or attachment or other process is validly levied, enforced upon, sued out or put in force against the whole or a material part of the undertaking or assets of any of them in both instances following a judgement against the Issuer or any Principal Subsidiary, as the case may be, by a court of competent jurisdiction and such is not discharged within 21 (twenty one) Court Days; or
- 16.1.2.10. the Issuer or any Principal Subsidiary, as the case may be, ceases to carry on the whole or a substantial part of its business, or otherwise as approved by an Extraordinary Resolution of the Senior Noteholders and the Issuer or any Principal Subsidiary, as the case may be, stops payment of, or is unable to, or admits to being unable to, pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts (or any class of its debts) pursuant to or for the purposes of any Applicable Law; or
- 16.1.2.11. any step is taken by or under any authority with a view to the seizure, compulsory acquisition, expropriation or

nationalisation of the Issuer or any Principal Subsidiary, as the case may be, or a material part of the assets of the Issuer or any Principal Subsidiary, as the case may be or any of the securities issued by the Issuer or any Principal Subsidiary, as the case may be; or

16.1.2.12. any other Event of Default provided for such Series, as specified in the Applicable Pricing Supplement,

then any Senior Noteholder may, by written notice to the Issuer at the registered office of the Issuer, effective upon the date of receipt thereof by the Issuer, declare the Senior Note held by that Senior Noteholder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 10.5 (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, or as specified in the Applicable Pricing Supplement, without any further action or formality, provided that although an amount may be due it will not be regarded as being payable if the Issuer withholds or refuses to make any such payment in order to comply with any law or regulation of South Africa or to comply with any order of a court of competent jurisdiction.

16.1.3. For the purposes of Condition 16.1.2.5, any Financial Indebtedness or Guarantee which is in a currency other than South African Rand shall be converted into South African Rand at the spot rate for the sale of South African Rand against the purchase of the relevant currency quoted by any leading bank of South Africa selected on the date of such Event of Default.

16.2. Subordinated Notes

16.2.1. If the Issuer defaults in relation to Subordinated Notes in the payment of any amount payable in respect of such Notes, and such default continues for a period of 7 (seven) Business Days after receiving written notice from any of the holders of Subordinated Notes, or if an Event of Default as contemplated in Condition 16.1.2.7 occurs (other than an Event of Default contemplated in Condition 16.2.2 below), any holder of a Subordinated Note may, subject as provided below, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under such Subordinated

Notes, provided that the Issuer shall not be obliged, save in the case of liquidation or winding up proceedings (see Condition 16.2.2 below), to pay any sum or sums sooner than the same would otherwise have been payable by it.

16.2.2. In the event of the winding-up or liquidation, whether finally or provisionally, of the Issuer, otherwise than for the purposes of an amalgamation, merger, consolidation or re-organisation not involving liquidation, winding-up or bankruptcy, then any holder of Subordinated Notes issued by the Issuer may by written notice to the Issuer at its registered office, require that its Subordinated Notes are immediately due and repayable at their Early Redemption Amount together with the accrued interest to the date of payment, save that the Noteholders of Subordinated Notes may only receive payment once all the other creditors of the Issuer whose claims rank above those of the holders of Subordinated Notes have been paid in full.

16.2.3. For so long as no Tranche of Senior Notes remains Outstanding, the provisions of Condition 16.1 (*Senior Notes*) shall apply *mutatis mutandis* to the Subordinated Notes.

16.3. Notification of Event of Default

If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify all Noteholders in accordance with Condition 18 (*Notices*) and the JSE in writing.

17. **CALCULATION AGENT, TRANSFER AGENT, PAYING AGENT AND PARTICIPANT**

Any third party appointed by the Issuer as Calculation Agent, Paying Agent, Transfer Agent, Participant or otherwise shall act solely as the agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Noteholders. The Issuer is entitled to vary or terminate the appointment of such agents and/or appoint additional or other agents and/or approve any change in the specified office through which any agent acts, provided that there will at all times be a Transfer Agent, Calculation Agent, Participant and Paying Agent with an office in such place as may be required by the Applicable Procedures.

18. NOTICES

18.1. Notices to Noteholders

Notices to holders of Notes shall be valid:

- 18.1.1. in the case of uncertificated Notes listed on the JSE, if delivered to:
 - 18.1.1.1. the JSE and electronically published on SENS (or any other similar service, established by the JSE); and
 - 18.1.1.2. the CSD and the Participants; or
- 18.1.2. in the case of unlisted uncertificated Notes, if mailed to the registered addresses of the holders of the Notes appearing in the Register or, if delivered to the CSD and the Participants (and if required, electronically published on SENS, or any other similar service, established by the JSE);
- 18.1.3. in the case of Notes being represented by an Individual Certificate, if mailed to the registered addresses of the holders of the Notes appearing in the Register and published, not earlier than 4 (four) calendar days after the date of posting of such notice by registered mail, in an English language daily newspaper of general circulation in South Africa.

Any such notice shall be deemed to have been given on the seventh day after the day on which it is mailed, or the day of its publication, as the case may be.

18.2. Notices to the Issuer

- 18.2.1. Any notice to the Issuer shall be deemed to have been received by the Issuer, if delivered to the registered office of the Issuer, on the date of delivery, and if sent by registered mail, on the seventh day after the day on which it is sent. The Issuer may change its registered office upon prior written notice to Noteholders specifying such new registered office.
- 18.2.2. For so long as any of the Notes are uncertificated, notice may be given by any holder of an uncertificated Note to the Issuer via the relevant Participant in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Participants may approve for this purpose.

19. AMENDMENT OF THESE CONDITIONS

- 19.1. These Conditions set out all the rights and obligations relating to the Notes and, subject to the further provisions of this Condition 19 (*Amendment of these Conditions*), no addition, variation or consensual cancellation of these Terms and Conditions shall be of any force or effect unless the JSE or such other Financial Exchange, as the case may be, has been notified and the amendments have been reduced to writing and signed by or on behalf of the Issuer and the Noteholders.
- 19.2. The Issuer may effect, without the consent of the relevant Class of Noteholders, any modification of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is established, provided that the JSE or such other Financial Exchange, as the case may be, shall be notified. Any such modification shall be binding on the relevant Class of Noteholders and any such modification shall be communicated to the relevant Class of Noteholders in accordance with Condition 18 (*Notices*) as soon as is practicable thereafter.
- 19.3. The Issuer may, subject to the Applicable Procedures, with the prior sanction of an Extraordinary Resolution of the relevant Class of Noteholders, amend these Terms and Conditions (as applicable to that Class), provided that:
- 19.3.1. no such amendment shall be of any force or effect unless notice of the intention to make such amendment shall have been given to the relevant Class of Noteholders in terms of Condition 18 (*Notices*); and
- 19.3.2. prior to sending the notice of its intention to amend the Terms and Conditions as contemplated in Condition 19.3.1 above, the Issuer shall have obtained the JSE's approval to make such proposed amendments.

20. MEETINGS OF NOTEHOLDERS

- 20.1. The Issuer may at any time convene a meeting of all Noteholders or holders of any Series of Notes upon at least 14 (fourteen) calendar days prior written notice to such Noteholders. This notice is required to be given in terms of Condition 18 (*Notices*). Such notice shall specify the date, place and time of the meeting to be held, which place shall be in South Africa.
- 20.2. Every director or duly appointed representative of the Issuer may attend and speak (in each case including but not limited to, by means of video conferencing, telephone and

other electronic means) at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.

- 20.3. Noteholders holding not less than 25% (twenty-five percent) in Nominal Amount of the Outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within 10 (ten) calendar days of such a request being received by the Issuer, the Noteholders requesting such a meeting may convene such meeting.
- 20.4. A Noteholder may by an instrument in writing (a **“form of proxy”**) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a **“proxy”**) to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.
- 20.5. Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a **“representative”**) in connection with any meeting or proposed meeting of the Noteholders.
- 20.6. Any proxy or representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholders specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.
- 20.7. The chairperson of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairperson subject to the remaining provisions of this Condition 20 (*Meetings of Noteholders*). Should the Noteholders requisition a meeting, and the Issuer fail to call such a meeting within 10 (ten) calendar days of the requisition, then the chairperson of the meeting held at the instance of the Noteholders shall be selected by a majority of Noteholders present in person, by representative or by proxy.
- 20.8. At any such meeting one or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third of the Nominal Amount of the relevant Notes for the time being Outstanding shall form a quorum for the transaction of business. On a poll, each Noteholder present in person, by representative or by proxy at the meeting shall have the number of votes equal to the number of Notes, by Specified Denomination, held by the Noteholder.

21. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes having terms and conditions the same as any of the other Notes issued under the Programme or the same in all respects save for the amount and date of the first payment of interest thereon, the Issue Price and the Issue Date, so that the further Notes shall be consolidated to form a single Series with the relevant Outstanding Notes.

22. **GOVERNING LAW**

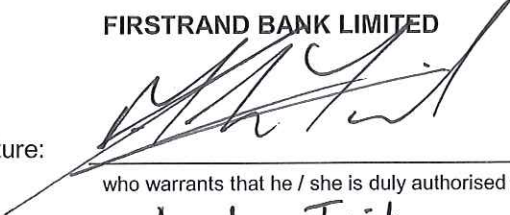
The Programme Memorandum, the Notes and all rights and obligations to the Notes are governed by, and shall be construed in accordance with, the laws of South Africa in force from time to time.

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the Applicable Pricing Supplement.


SIGNED at Sandton on this 20 day of February 2015


For: **FIRSTRAND BANK LIMITED**

Signature: 
who warrants that he / she is duly authorised thereto

Name: A. du Toit

Capacity: DIRECTOR


J.P. Burger DIRECTOR

Signature: 
who warrants that he / she is duly authorised thereto

Name: H. SICEVAN

Capacity: DIRECTOR

DESCRIPTION OF FIRSTRAND BANK LIMITED

LEGAL STATUS

The Bank was incorporated and registered in South Africa on 11 January 1929 under registration number 1929/001225/06, is a public company with limited liability duly registered under the company laws of South Africa, and is regulated under the Companies Act and the Banks Act. The Company is a public company and is registered as a bank in terms of the Banks Act.

Company Secretary	C Low
Email address of Company Secretary:	Carnita.low@firstrand.co.za
Registration number	1929/001225/06
Registered place of business:	4 Merchant Place Corner Fredman Drive and Rivonia Road Sandton, 2196
Postal Address:	P O Box 650149, Benmore 2010

OVERVIEW

FirstRand Bank Limited (the "**Bank**" or the "**Issuer**") is a wholly owned subsidiary of FirstRand Limited ("**FirstRand**", together with its subsidiaries, the "**Group**"). The Bank provides a comprehensive range of retail, commercial, corporate and investment banking services in South Africa and offers niche products in certain international markets. FirstRand is listed on the Johannesburg Stock Exchange (the "**JSE**") and the Namibian Stock Exchange (the "**NSX**").

The Bank has three major operating franchises which are separately branded, comprising First National Bank ("**FNB**"), the retail and commercial bank, Rand Merchant Bank ("**RMB**"), the corporate and investment bank and WesBank, the instalment finance business. The activities of these operating franchises are also undertaken outside of the Bank in other wholly-owned subsidiaries of FirstRand, namely, FirstRand EMA Holdings Limited ("**FREMA**") and FirstRand Investment Holdings (Pty) Ltd ("**FRIHL**").

As at 30 June 2014, the Bank was the second largest bank in South Africa measured by total assets (according to statistics published by the South African Reserve Bank ("**SARB**") (Source: BA900, SARB)). As at 30 June 2014, the Bank had total assets of R851.2 billion (equivalent to U.S.\$80.1 billion at a U.S.\$/R exchange rate of 10.63), compared to R779.6 billion (equivalent to U.S.\$77.9 billion at a U.S.\$/R exchange rate of 10.01) as at 30 June 2013. The Bank's profit attributable to

ordinary shareholders amounted to R12.6 billion for the year ended 30 June 2014, up from R10.8 billion for the year ended 30 June 2013.

The FirstRand Limited Group

FirstRand Limited is a bank controlling company for the purposes of the South African Banks Act 1990. Listed on the JSE and the NSX, FirstRand is one of the largest financial institutions in South Africa, with a market capitalisation of R242.5 billion (equivalent to U.S.\$21.5 billion at a U.S.\$/R exchange rate of 11.30) as at 30 September 2014. It provides banking, insurance and investment products and services to retail, commercial, corporate and public sector customers. FirstRand's objective is to be the African financial services group of choice. In addition to South Africa, the Group operates in eight key African territories.

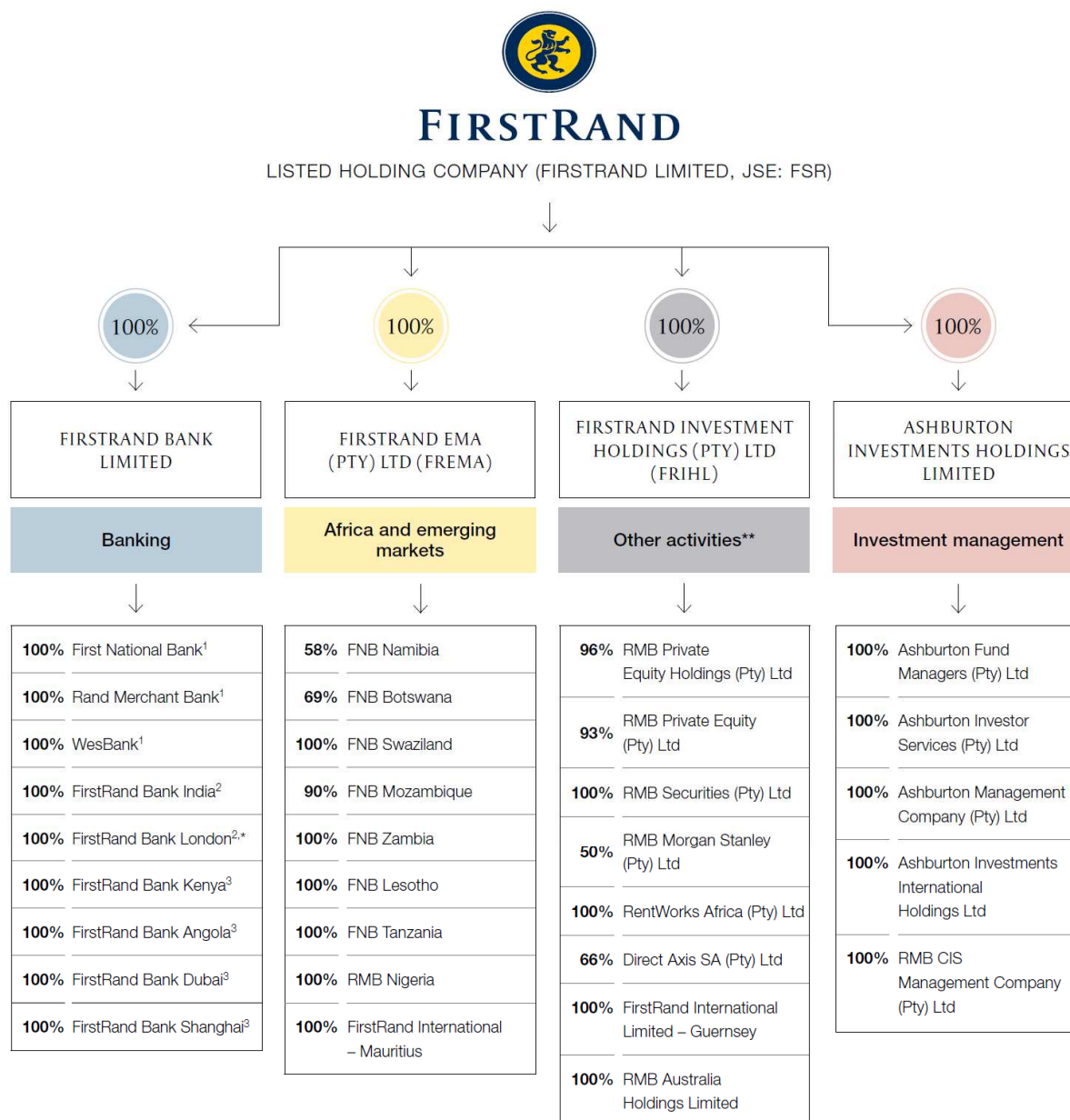
The Group's overall banking operations include the activities carried out by the Bank domestically through its operating franchises, as well as the banking operations of FNB and RMB in Namibia, Botswana, Lesotho, Swaziland, Mozambique, Zambia, Tanzania and Nigeria (the "**African subsidiaries**"). The African subsidiaries are housed in FREMA, a wholly owned subsidiary of FirstRand, and their activities do not therefore form part of the activities and performance of the Bank. In addition, certain banking activities, including the private equity businesses, are also housed in FRIHL and therefore not aggregated in the financial results of the Bank.

The Bank is the most significant contributor to the Group's revenues and profits (constituting 80 percent. of its total gross revenues (net interest income before impairment of advances, non-interest income and share of profits of associates and joint ventures) as at 30 June 2014).

The Bank holds a full banking licence granted by the SARB and is authorised as a financial services provider in South Africa by the Registrar of Financial Services Providers. The Bank is also an authorised dealer in foreign exchange in terms of the Exchange Control Regulations. It is a Central Securities Depository Participant in Strate Proprietary Limited and is a member of the JSE.

Group structure

A simplified version of the Group's structure by legal entity is depicted below.



Structure shows effective consolidated shareholding.

1. Division
2. Branch
3. Representative office

* MotoNovo Finance is a business segment of FirstRand Bank Limited (London Branch).

** For segmental analysis purposes, entities included in FRIHL and FREMA are reported as part of results of the managing franchise.

The Group's securitisations and conduits are in FRIHL.

The Bank's income statement and statement of financial position highlights

The relative contributions from the Bank's major operating franchises are depicted in the tables below.

The Bank's income statement and statement of financial position highlights for the year ended 30 June 2014

<i>R million</i>	Total FNB[*]	RMB[†]	WesBank	FCC^{**}	Consolidation and IFRS adjustments	Total
Net interest income before impairment of advances.....	15,034	1,295	6,764	2,069	37	25,199
Impairment of advances.....	(2,181)	(103)	(2,060)	(34)	(449)	(4,827)
Net interest income after impairment of advances.....	12,853	1,192	4,704	2,035	(412)	20,372
Non-interest income...	15,873	8,924	3,002	1,948	(1,125)	28,622
Income from operations.....	28,726	10,116	7,706	3,983	(1,537)	48,994
Operating expenses...	(17,806)	(5,203)	(4,668)	(3,735)	336	(31,076)
Income before tax	10,920	4,913	3,038	248	(1,201)	17,918
Indirect tax	(489)	(82)	(253)	28	-	(796)
Profit before tax	10,431	4,831	2,785	276	(1,201)	17,122
Profit for the year	7,512	3,478	2,005	199	(447)	12,747
Statement of financial position includes:						
Investments in associates	-	-	-	-	-	-
Total assets.....	270,766	326,513	156,743	99,879	(2,692)	851,209
Total liabilities	260,472	321,753	155,058	52,103	(2,241)	787,145

* Comprises FNB and FNB Africa (FNB Africa results reported herein relate to the Bank's head office costs. Earnings of the African subsidiaries form part of FREMA and are not reported within the Bank)

† Comprises investment banking and corporate banking

** "FCC" is discussed below

The Bank's income statement and statement of financial position highlights for the year ended 30 June 2013

<i>R million</i>	Total FNB*	RMB†	WesBank	FCC**	Consolidation and IFRS adjustments	Total
Net interest income before impairment of advances	13,145	1,076	6,303	1,155	4	21,683
Impairment of advances	(2,862)	(62)	(1,565)	48	-	(4,441)
Net interest income after impairment of advances	10,283	1,014	4,738	1,203	4	17,242
Non-interest income	14,673	8,332	2,038	963	(1,883)	24,123
Income from operations	24,956	9,346	6,776	2,166	(1,879)	41,365
Operating expenses	(15,897)	(4,829)	(3,789)	(2,725)	567	(26,673)
Income before tax	9,059	4,517	2,987	(559)	(1,312)	14,692
Indirect tax	(389)	(81)	(219)	110	-	(579)
Profit before tax	8,670	4,436	2,768	(449)	(1,312)	14,113
Profit for the year	6,236	3,193	1,993	(323)	(121)	10,978
Statement of financial position includes:						
Investments in associates	-	44	-	-	-	44
Total assets	248,638	301,636	134,869	95,724	(1,292)	779,575
Total liabilities	239,927	298,821	132,765	54,918	(1,263)	725,168

* Comprises FNB and FNB Africa (FNB Africa results reported herein relate to the Bank's head office costs. Earnings of the African subsidiaries form part of FREMA and are not reported within the Bank)

† Comprises investment banking and corporate banking

** "FCC" is discussed below

HISTORY

The Bank was incorporated and registered in South Africa on 11 January 1929 under registration number 1929/001225/06 and is a public company with limited liability duly registered under the

company laws of South Africa. The Bank's headquarters and registered address are located at 4 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton 2196, South Africa (telephone number: +27 11 282 1808; fax number: +27 11 282 8088).

Although the Bank was formally incorporated in 1929, the current structure and name resulted from a merger in 1998 of the financial services interests of RMB Holdings Limited ("**RMBH**") and the Anglo American Corporation. This merger created FirstRand Limited.

STRATEGIC OBJECTIVES

As the Bank represents the banking activities of the Group and is the most significant contributor to revenues and profits, the strategic objectives of both entities are the same.

FirstRand's vision is to be the African financial services group of choice, create long-term franchise value, deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility and maintain balance sheet strength.

FirstRand seeks to achieve this with two parallel growth strategies, which are executed through its portfolio of operating franchises, within a framework set by the Group. The growth strategies are:

- become a predominant player in all of the financial services profit pools in South Africa, growing in existing markets and those where it is under-represented; and
- grow its franchise in the broader African continent, targeting those countries expected to show above average domestic growth and which are well positioned to benefit from the trade and investment flows between Africa, China and India.

The Group executes its growth strategies through the appropriate Group entities.

With regard to expansion into the rest of Africa, there are three pillars to its execution:

- utilise the capabilities of the South African franchise, particularly the domestic balance sheet, intellectual capital, international platforms and the existing operating footprint in the rest of Africa;
- start an in-country franchise and grow organically; and
- small- to medium-sized acquisitions where it makes commercial sense.

The Bank's balance sheet is utilised for the first pillar of the rest of Africa expansion strategy and to capitalise on the investment flows between Africa, India and China.

The Group's Strategic Executive Committee comprising the FirstRand Chief Executive Officer ("**CEO**"), Deputy CEO, Chief Financial Officer and franchise CEOs, determines the Group's strategy

and is accountable for the overall performance of the Group. Each franchise then takes ownership of its strategy, which is executed within the boundaries of the Group's vision and shared business philosophy.

These strategies are executed by separately branded operating entities. In the case of the Bank these entities are RMB, the corporate and investment bank, FNB, the retail and commercial bank and WesBank, the instalment finance business.

FIRSTRAND'S REGIONAL PRESENCE AND GROWTH STRATEGIES OUTSIDE OF SOUTH AFRICA

The Group seeks to generate incremental growth outside of its domestic market. It executes its strategy through its operating franchises both within and outside of the Bank. The Bank has a number of representative offices and branches in both London and India. RMB has been active in Kenya for a number of years, and, through the management of the Bank's representative office, is increasing its focus on the broader East African region which it regards as a key trade and investment hub, with increasing flows from China and India. The Angolan representative office also provides a platform to identify investment banking opportunities in this market.

The Middle East remains an important source of global capital and the Bank's representative office in Dubai is also part of the strategy to capture trade and investment flows between Europe, Africa and Asia.

China is strategically important to the African continent's growth story. The Shanghai representative office, which was opened in 2007, also focuses on trade flows between China and the African continent and the opportunities that arise from supporting the ongoing investment and infrastructural development that China is able to provide.

With the increased international investment in the African continent, the major focus of the Bank's London branch is one of funding – both through capital and banking markets. It has built a track record in arranging and distributing African-based debt instruments.

The Bank remains the only South African bank with a branch in India. The branch focuses on trade finance, investment banking, fixed income, currency and commodity products, as well as debt capital markets and other structured products. It has also started offering retail and commercial banking products.

BUSINESS OF THE BANK AND OPERATING FRANCHISE-SPECIFIC OBJECTIVES

Aligned to the overall strategic framework described above, the separate operating franchises execute growth strategies appropriate to their segments and customer bases. Below is a description of the strategies and operations of each franchise in its domestic markets.

FNB

FNB represents the Bank's activities in the retail and commercial segments in both South Africa and the broader African continent. FNB's activities outside of South Africa are mainly carried out by FREMA and not the Bank. FNB is growing its franchise in both existing and new markets on the back of innovative products and delivery channels, particularly focusing on electronic and digital platforms.

As at 30 June 2014, FNB had 744 physical representation points (including branches, agencies and EasyPlan branches) and 6,119 ATMs, primarily established across South Africa. FNB continues to focus on aligning infrastructure to customer needs and behaviour changes towards delivering customer services through electronic channels, focussing on the use of innovative products and service delivery solutions.

Retail segment

FNB's Retail segment focuses on providing financial services solutions to individual customers across all the income ranges. The primary business areas for the Retail segment include:

- Residential mortgages (including Wealth mortgages and Housing Finance);
- Credit cards (issuing);
- Personal loans (including micro and student loans); and
- Retail Other.

The following business lines and products are included in Retail Other:

- Cheque and transmission products, including cheque and debit cards, overdrafts and revolving loans;
- Investments and equity products;
- Certain trust and fiduciary services;
- Insurance Brokers;
- Rewards (including eBucks, Fuel and Airtime rewards programmes);

- Electronic banking (including online, Cellphone Banking, Connect, Banking App) ; and
- Manual banking (including ATMs and EasyPlan branches).

Commercial segment

FNB's Commercial segment provides financial solutions, including working capital, structured finance, investment products, transactional banking and term loans to two sub-segments. These segments are Business (comprising small businesses with turnover up to ZAR10m per annum) and Commercial (medium-sized corporates). FNB's commercial segment offers the following products and business lines:

- Cheque and transmission products, including overdrafts and revolving loans;
- Investment products;
- Commercial property finance;
- Debtor and leveraged finance;
- Retail and business foreign exchange services; and
- Merchant services (card acquiring).

FNB's strategy

In line with the Group's overall strategy, FNB seeks to strengthen its relative positioning in the domestic market, grow its domestic franchise in market segments where it is currently under-represented and to target selected African countries for investment. FNB Africa's activities outside of South Africa are mainly carried out by FREMA and not by the Bank.

In the domestic South African market, FNB has put in place a strategy to grow and retain core transactional accounts with retail and commercial customers. FNB offers customers innovative products and channels at an acceptable cost, supported by reward programmes such as eBucks (whereby customers are allocated virtual eBucks currency amounts to, for example, purchase discounted products and vouchers through the eBucks shop and other online retailers), SLOW lounges (providing qualifying customers free access to the SLOW lounges, shared with British Airways business class customers, at various South African airports) and fuel, data and airtime rewards. Innovations such as a FNB banking app for use on smartphones, cell phone banking and eWallet (electronic card and card-less wallets enabling the transmission of funds to individuals without bank accounts) are also designed to attract new customers. FNB's success in cross-selling to its customers also increased the average products per customer from 2.13 to 2.34 during the year ended

30 June 2014. A positive outcome from this customer growth and cross-sell is the commensurate increase in transactional volumes, particularly as a result of FNB's deliberate objective to drive customers onto its electronic platforms.

FNB's focus on customer acquisition and retention has also resulted in growth in customer deposits, where historically FNB has been under-represented compared to some of its peers. FNB's strategy is focused on building long-term relationships and is not interest rate or price led. FNB considers this to be a sustainable strategy which is linked to the Group's overall objective to attract liabilities onto its banking platforms.

RMB

RMB is the corporate and investment banking arm of the Bank. RMB's portfolio spans investment banking, global markets and corporate transactional banking activities. RMB's private equity and principal investing businesses are carried out by FRIHL and not by the Bank. RMB services corporate, institutional and public sector clients across all industries.

RMB's three major divisions operating within the Bank are described in more detail below.

Investment Banking

The Investment Banking division comprises the majority of RMB's debt and advisory businesses. It focuses on servicing leading listed and unlisted companies across all industries, as well as financial institutions and government organisations. Within Investment Banking there are a number of industry or product specialist groups:

- *Corporate Finance*: offers a range of advisory services, including mergers and acquisitions, capital raising solutions, and equity and debt restructuring.
- *Leveraged Finance*: finances management buy-outs, leveraged buy-outs and other forms of acquisition finance.
- *Resources Finance*: provides advice and finance in the resource sector of the economy.
- *Infrastructure Finance*: provides finance for large scale infrastructure projects in South Africa and the rest of Africa, including rail, road, ports, telecommunications, and water projects.
- *Property and Asset Finance*: RMB is a major asset financier in the South African market, providing finance for a range of assets such as commercial, industrial and retail properties, as well as moveable assets such as rolling stock, aeroplanes and port equipment.

- *Debt Capital Markets*: enables RMB's clients to access the local and international capital markets through debt raising and securitisations.

Global Markets

RMB's Global Markets division ("**GM**") comprises fixed income, currency, credit, commodities and equities trading activities. GM activities cover market making and execution services for clients, structured solutions, flow trading and agency services. Within GM, the specialist groups are:

- *Sales and Structuring*: provides trading, execution, agency (such as prime broking) and structured solutions to corporate, retail and institutional clients and local and non-resident banks.
- *Fixed Interest Trading*: provides trading services in fixed income securities and derivatives.
- *Foreign Exchange Trading*: provides foreign exchange trading services in currency spot, forwards, options and derivatives across major traded currencies, Rand and other African currencies.
- *Commodities*: provides a range of commodity trading, execution and structuring solutions across the major commodity classes – soft (agricultural) commodities, energy, base- and precious metals.
- *Equities*: the equities structuring activities fall within the scope of the Bank as well as some agency services (such as prime broking, futures clearing and securities lending). Other equities activities (such as stockbroking) are carried out by FRIHL and not the Bank.

Corporate Banking

The Corporate Banking division provides transactional banking services to corporate, institutional and public sector clients. Within Corporate Banking the specialist services offered are:

- *Transactional Banking*: provides transactional accounts, electronic banking, cash and liquidity management;
- *Working Capital*: provides a range of short term facilities and trade finance; and
- *Global Forex*: provides cross border payments and collection services, custody, clearing and settlement.

RMB's strategy

RMB has actively targeted generating more income from client-driven activities. RMB's risk appetite strategy is designed to effectively manage the trade-offs between earnings volatility, profit growth and

returns. This strategy is designed to deliver a higher quality and less volatile earnings profile. Currently the largest contributors to client activities are financing, client execution and transactional banking both in South Africa and the rest of Africa.

RMB's risk appetite framework remains central to ensuring that its portfolio continues to reflect the appropriate mix of client, investing and asset management activities. In line with the Bank's overall strategy, RMB's strategic imperatives aim to strengthen the client franchise both locally and regionally.

WESBANK

WesBank provides instalment credit finance and personal loans to retail customers and asset-based finance and fleet-management solutions to corporate customers.

WesBank's major business units are described below.

WesBank Motor: WesBank Motor provides vehicle finance to the retail sector and sources its business primarily through motor dealers. Through this model, WesBank aims to dominate the point of sale. It makes use of a joint alliance strategy amongst selected dealers to ensure critical mass. WesBank Motor has also established strong relationships with motor manufacturers. These relationships have enabled WesBank to offer vehicle finance and insurance in partnership with the manufacturers trading under the brands of Nissan Finance, GMSA Financial Services, Fiat Finance, Honda Finance and Peugeot Financial Services, amongst others.

WesBank Corporate: WesBank Corporate specialises in financing all moveable assets such as plant, machinery, aircraft, computers, office equipment and vehicle fleets. WesBank Corporate offers a full range of financing products including instalment sales, financial and operating leases, rentals, loans, full maintenance leases, discounting facilities and fleet cards. Lines of credit are established for corporate customers, allowing customers flexibility to draw down on these facilities as the need for additional finance arises. WesBank Corporate also collaborates with RMB on mutual wholesale customers and with FNB on mutual commercial customers to provide clients with a consolidated offering. WesBank Corporate has also created a number of profit sharing alliances, similar to those in the Motor division, with industry suppliers, manufacturers and distributors. These include Bell Equipment, Caterpillar, National Airways Corporation, the Spar Group, Afgri Limited and Komatsu, amongst others.

WesBank Personal Loans: WesBank Personal Loans provides personal loans, largely to middle market customers. Loan applications are made to a central call centre where applications are recorded using call voice logging. The loan products are marketed to customers through a number of direct marketing strategies. Direct Axis also originates loan products to customers of several alliance

partners in the financial services industry, including WesBank, Sanlam, Clientele and the Telesure Group.

MotoNovo: MotoNovo is based in the United Kingdom and provides finance primarily for used cars via independent motor dealers and has a strong digital presence through the internet. It finances cars, light commercial vehicles and motorbikes on traditional hire purchase products, as well as more recently on private contract purchase. It also provides dealer funding facilities.

WesBank's strategy

WesBank continues to focus on growing its core business, while concurrently developing new revenue streams from businesses complementary to the core retail based asset finance operation in South Africa, particularly given the cyclical nature of WesBank's core business. WesBank's corporate and commercial offering incorporates a full suite of products, including traditional instalment finance, leases and rentals (through its subsidiary RentWorks), Auto Card and Fleet Management services and Full Maintenance Rental.

FIRSTRAND CORPORATE CENTRE ("FCC")

FCC represents key group-wide functions, including Group Treasury (capital, liquidity and financial resource management), Group Finance, Group Tax, Enterprise Risk Management ("**ERM**"), Regulatory Risk Management ("**RRM**") and Group Internal Audit.

- The Group's financial resources are managed by Group Treasury and are independent of FirstRand's operating franchises, comprising capital, funding, liquidity and risk appetite. Group Treasury is responsible for managing the Bank's funding and liquidity position, and ensuring that business strategies are aligned with funding constraints. The capital management function in Group Treasury retains responsibility for capital planning and advises the Board, as well as the Strategic executive committee, on potential capital actions, dividend strategy and other capital management related topics.
- The ERM function provides central independent oversight and risk control as part of the Bank's risk governance structure.
- The RRM function ensures that business practices, policies, frameworks and approaches across the organisation are consistent with applicable laws.
- Group Internal Audit provides independent assurance of the adequacy and effectiveness of risk management practices.

LOAN PORTFOLIO

Introduction

As at 30 June 2014, the Bank's total gross advances (before impairments but after interest in suspense) amounted to R632 billion compared to R557 billion as at 30 June 2013, representing 73 percent. and 70 percent. (after impairments), respectively, of the Bank's total assets as at such dates.

The Bank primarily provides advances to retail customers and 52 percent. of total gross advances were made to individuals in the year ended 30 June 2014 (53 percent. for the preceding financial year). Home loans constituted the largest category of advances. The Bank advanced R170.5 billion by way of home loans, constituting 27 percent. of total gross advances (before impairments) as at 30 June 2014 (compared to R162.8 billion comprising 29 percent. of total gross advances (before impairments) as at 30 June 2013).

Loan Portfolio structured by category

The following table sets out the composition of the Bank's advances by category as at 30 June 2014 and 2013 (excluding interest in suspense):

<i>Category analysis</i>	As at 30 June 2014		As at 30 June 2013	
	<i>(R million)</i>	<i>Share percent.</i>	<i>(R million)</i>	<i>Share percent.</i>
Overdraft and cash managed accounts ..	48,574	8	39,634	7
Term loans	22,576	4	20,537	4
Card loans	17,032	3	13,741	2
Instalment sales and hire purchase agreements	128,051	20	107,762	19
Lease payments receivable	7,262	1	8,852	2
Property finance	184,482	29	177,187	32
- Home Loans.....	170,549	27	162,778	29
- Commercial property finance.....	13,933	2	14,409	3
Personal loans	24,443	4	21,836	4
Preference share agreements.....	25,555	4	21,772	4
Other*	21,368	3	17,944	3
Assets under agreement to resell	32,753	5	40,502	7
Investment bank term loans	119,555	19	87,526	16
Gross value of advances.....	631,651	100	557,293	100
Impairment of advances	(9,539)		(8,712)	
Net Advances	622,112		548,581	

* Comprises Long-term loans to associates and Other

Contingent Liabilities

The Bank has commitments and contingent liabilities in respect of, *inter alia*, guarantees and letters of credit on behalf of its customers. The following table sets out details of the Bank's contingencies and commitments as at 30 June 2014 and 2013.

<i>Category analysis</i>	<u>As at 30 June 2014</u>		<u>As at 30 June 2013</u>	
	(R million)	Share percent	(R million)	Share percent
Guarantees.....	30,895	26.5	28,515	24.4
Letters of credit	7,075	6.1	8,928	7.7
Irrevocable commitments.....	73,659	63.1	74,054	63.5
Other*	5,062	4.3	5,152	4.4
TOTAL contingencies	116,691	100	116,649	100
Legal proceedings.....	218		60	
Claims:				
Commitments in respect of capital expenditure and long-term investments approved by directors:				
Contracted for	694		1,166	
Not contracted for.....	2,320		1,805	

* Comprises Committed capital expenditure, Operating lease commitments and Other

Loan Portfolio Structure by Sector

The following table sets out the structure of the Bank's loan portfolio by economic sector, as at 30 June 2014 and 2013 (excluding interest in suspense):

<i>Category analysis</i>	<u>As at 30 June 2014</u>		<u>As at 30 June 2013</u>	
	(R million)	Share percent.	(R million)	Share percent.
Agriculture	20,345	3	18,495	3
Banks and financial institutions.....	83,144	13	72,486	13
Building and property development	29,541	5	29,037	5
Government, Land Bank and public authorities	13,926	2	15,946	3
Individuals	327,268	52	296,768	53
Manufacturing and commerce.....	75,203	12	62,494	11
Mining.....	20,154	3	19,840	4
Transport and communication	17,898	3	13,884	3
Other services	44,172	7	28,343	5

<i>Category analysis</i>	<u>As at 30 June 2014</u>		<u>As at 30 June 2013</u>	
	<i>(R million)</i>	<i>Share percent.</i>	<i>(R million)</i>	<i>Share percent.</i>
Gross value of advances	631,651	100	557,293	100
Impairment of advances	(9,539)		(8,712)	
Net Advances	622,112		548,581	

Geographical concentration of loans

The Bank has a significant geographical concentration of loans issued to borrowers in South Africa. Loans to borrowers in South Africa constituted 93 percent. of gross advances as at 30 June 2014 (95 percent. at the end of the previous financial year).

The following table sets out a geographical analysis (based on credit risk) of the Bank's notional loan portfolio as at 30 June 2014 and 2013 (excluding interest in suspense):

<i>Category analysis</i>	<u>As at 30 June 2014</u>		<u>As at 30 June 2013</u>	
	<i>(R million)</i>	<i>Share percent.</i>	<i>(R million)</i>	<i>Share percent.</i>
South Africa.....	586,999	93	530,300	95
Other Africa	19,192	3	10,858	2
United Kingdom.....	18,794	3	10,358	2
Other	6,666	1	5,777	1
Gross value of advances	631,651	100	557,293	100
Impairment of advances	(9,539)		(8,712)	
Net advances	622,112		548,581	

Analysis of NPLs

The following table sets out the Bank's non-performing loans ("NPLs") for the years ended 30 June 2014 and 30 June 2013. Certain portfolios have been restated to reflect the current segmentation of the business.

<i>R million/%</i>	NPLs			NPLs as a % of advances	
	2014	2013	% change	2014	2013
Retail	11,339	11,527	(2)	3.47	3.89
Residential mortgages	5,625	6,911	(19)	3.30	4.24
Vehicle and asset finance	3,424	2,468	(39)	3.14	2.64
Credit card.....	341	302	13	2.33	2.32
Personal loans*	1,388	1,387	-	6.41	6.89
Retail other	561	459	22	5.29	6.64

<i>R million/%</i>	NPLs			NPLs as a % of advances	
	2014	2013	% change	2014	2013
Corporate and commercial	3,645	4,598	(21)	1.19	1.77
FNB Commercial.....	1,321	1,429	(8)	2.61	3.34
WesBank Corporate.....	578	864	(33)	1.50	2.63
RMB Investment Banking.....	1,740	2,296	(24)	0.83	1.28
RMB Corporate Banking	6	9	(33)	0.09	0.18
Total NPLs	14,984	16,125	(7)	2.36	2.88
Of which:					
Accrual book	13,344	13,835	(4)	2.94	3.42
Fair value book.....	1,640	2,290	(28)	0.90	1.47

* Comprises FNB loans and WesBank loans

Source: FirstRand Bank Limited's Analysis of Financial Results for the year ended 30 June 2014. This information is unaudited and is presented on a normalised basis.

Analysis of income statement credit impairments

The following table sets out an analysis of the Bank's impairment charges for the years ended 30 June 2014 and 30 June 2013. Certain portfolios have been restated to reflect the current segmentation of the business.

<i>R million/%</i>	Total impairment charge			As a % of average advances	
	2014	2013	% change	2014	2013
Retail	3,790	3,765	1	1.22	1.34
Residential mortgages	158	507	(69)	0.09	0.32
Vehicle and asset finance	1,339	1,005	33	1.32	1.20
Credit card.....	88	23	>100	0.64	0.19
Personal loans*.....	1,582	1,832	(14)	7.57	9.70
Retail other	623	398	57	7.12	7.49
Corporate and commercial	652	1,387	(53)	0.23	0.57
FNB Commercial.....	332	317	5	0.71	0.80
WesBank Corporate.....	119	130	(8)	0.33	0.41
RMB Investment Banking.....	170	912	(81)	0.09	0.54
RMB Corporate Banking	31	28	11	0.54	0.72
FCC (including Group Treasury)**	483	(48)	(>100)	0.08	(0.01)
Business as usual impairment charge**	4,925	5,104	(4)	0.82	0.97

<i>R million/%</i>	Total impairment charge			As a % of average advances	
	2014	2013	% change	2014	2013
Special impairment**	-	230	(100)	-	0.04
Total impairment charge	4,925	5,334	(8)	0.82	1.01
Of which:					
Portfolio impairment charge	971	1,211	(20)	0.16	0.23
Specific impairment charge.....	3,954	4,123	(4)	0.66	0.78

* Comprises FNB loans and WesBank loans

** Percentages calculated on total average advances

Source: FirstRand Bank Limited's Analysis of Financial Results for the year ended 30 June 2014. This information is unaudited and is presented on a normalised basis.

Further information relating to the Bank's NPLs, impairments and coverage ratios are set out in Notes 2, 3 and of the Analysis of Financial Results incorporated into the Programme Memorandum by reference.

Conduit programmes

The Bank's conduit programmes are debt capital market vehicles which provide investment grade South African corporate counterparties with a source of funding alternative to direct access to the capital markets via their own note programmes and traditional bank funding. They also provide institutional investors with highly-rated short-term alternative investments. All the assets originated for the conduit programmes are rigorously evaluated as part of the ordinary credit approval process applicable to any other corporate exposure held by the Bank.

As at 30 June 2014, the Bank has a contingent exposure of R4,363 million in the form of liquidity facilities it has granted to these conduits. It has a further R1,044 million in contingent exposure in the form of a guarantee it has extended to one of the conduit vehicles for credit enhancement purposes. All liquidity facilities granted to the conduit vehicles rank as senior, unsecured and unsubordinated obligations of the Bank in terms of payment priority in the event of drawdown and attract economic capital as if the underlying assets held in the vehicles were held by the Bank.

MANAGEMENT

The board of directors of the Bank (the "**Board**") is responsible for reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, monitoring corporate performance and overseeing major capital expenditures, acquisitions and disposals, information technology and stakeholders relations while still retaining full and effective control over the Bank.

The Bank has a unitary Board. Its chairman, Mr Lauritz Lanser Dippenaar, is non-executive, but not independent in terms of the definition in the King III Code of Corporate Governance ("**King III**"). Mr Dippenaar is a major shareholder in RMBH, which owns 33.9% of the issued share capital of

FirstRand. Mr Dippenaar retired as chief executive of FirstRand in November 2005. The Board believes that his specialist knowledge of the financial services industry and of the FirstRand Group makes it appropriate for him to hold this position. In line with the JSE Listings Requirements and King III, a lead independent non-executive director was appointed for the year ending 2014. King III is a report on corporate governance in South Africa, which came into effect in March 2010. It classifies a director as independent for these purposes if, among other things, the director has not served in an executive capacity within a company for three years prior to appointment. The Board comprises twenty two directors of whom three serve in an executive capacity. Non-executive directors comprise individuals of high calibre with diverse backgrounds and expertise. Other than as aforesaid, the Bank complies with King III. The Board meets quarterly. Two further meetings are scheduled to approve the annual financial statements and to review strategic plans and the resulting budgets. Additional meetings are convened as and when necessary.

To fulfil their responsibilities, Board members have access to accurate, relevant and timely information. Any director may call on the advice and services of the company secretary, who gives guidance on legislative or procedural matters.

There is a formal transparent Board nomination process. Non-executive directors are appointed, subject to re-election and to the applicable provisions of the Companies Act relating to removal, and retire by rotation, every three years. Re-appointment of non-executive directors is not automatic.

The Board consists of twenty two members elected by the general shareholders' meeting. The current members of the Board and their position within the Board, as well as their position within the board of directors of other members of the Group, are set out below as at the date of this Programme Memorandum:

Name	Position
Lauritz Lanser Dippenaar.....	Chairman of the Board, Chairman of FirstRand and Director of RMBH
Sizwe Errol Nxasana.....	Chief Executive Officer of the Bank, Director of FirstRand, FREMA and FRIHL and Ashburton Investments
Vivian Wade Bartlett.....	Director of FirstRand
Johan Petrus Burger	Group Deputy Chief Executive Officer and Director of Ashburton Investments
Patrick Maguire Goss	Director of FirstRand and RMBH
Paul Kenneth Harris	Director of FirstRand and RMBH
William Rodger Jardine	Director of FirstRand
Ethel Matenge-Sebesho.....	Director of FirstRand
Benedict James Van der Ross.....	Director of FirstRand
Jurie Johannes Human Bester	Director of FirstRand

Name	Position
Leon Crouse	Director of FirstRand and RMBH
Jan Hendrik van Greuning	Director of FirstRand
Nolulamo Nobambiswano Gwagwa	Director of FirstRand
Amanda Tandiwe Nzimande	Director of FirstRand
Kgotso Buni Schoeman.....	Director of FirstRand
Deepak Premnarayan	Director of FirstRand
Mary Sina Bomela.....	Director of FirstRand
Grant Glenn Gelink	Director of FirstRand
Jan Jonathan Durand.....	Director of FirstRand and RMBH
Peter Cooper (alternate non-executive director)	Director of FirstRand and RMBH
Hetash Surendrakumar Kellan	Financial Director of the FirstRand Bank, Financial Director of FirstRand, and Director of FREMA and FRIHL
Russell Mark Loubser	Director of FirstRand (appointed with effect from 5 September 2014)

The business address of the members of the Board is the Bank's registered office. The names, and certain other information about each of the current members of the Board and their activities, are set out below:

Lauritz Lanser Dippenaar, MCom,
CA(SA)

Mr. Dippenaar graduated from Pretoria University, qualified as a Chartered Accountant with Aiken & Carter (now KPMG) and worked with the Industrial Development Corporation before becoming co-founder of RCI. RCI acquired control of RMB in 1985, and Mr. Dippenaar became an executive director of RMB. He was appointed managing director in 1988, which is a position he held until 1992, when RMBH acquired a controlling interest in Momentum Life Assurers. He was appointed as executive chairman of Momentum Life Assurers, a post he occupied until becoming chief executive officer of FirstRand in 1998. In December 2005 he moved to a non-executive position in the Group. He was elected to the position of chairman of FirstRand and the Banking Group in November 2008.

Directorships – FirstRand (Chairman), RMB Holdings Limited, RMI Holdings Limited, OUTsurance Holdings Limited (Chairman)

Sizwe Errol Nxasana, BCom, BCompt (Hons), CA(SA)

Mr. Nxasana is a Chartered Accountant and holds a Bachelor of Commerce (University of Fort Hare). He started his career at Unilever and Price Waterhouse and in 1989 established Sizwe & Co, the first black-owned audit practice in South Africa. In 1996 he became the founding partner of Nkonki Sizwe Ntsaluba, the first black-owned national firm of accountants in South Africa and was national managing partner until 1998 when he joined Telkom SA as chief executive officer. He joined the Bank as CEO in January 2006.

Directorships – FirstRand (CEO), FREMA, MMI Holdings Limited, FRIHL and Ashburton Investments

Paul Kenneth Harris, MCom

Mr. Harris graduated from the University of Stellenbosch and joined the Industrial Development Corporation. He was a co-founder of RCI in 1977. RCI acquired control of RMB in 1985, and he became an executive director of RMB. He spent four years in Australia where he founded Australian Gilt Securities (later to become RMB Australia) and returned to South Africa in 1991 as deputy managing director of RMB. In 1992, he took over as chief executive officer of RMB. Subsequent to the formation of FirstRand, he was appointed chief executive officer of FirstRand Bank Holdings in 1999, a position he held until December 2005, when he was appointed chief executive officer of FirstRand.

Directorships – FirstRand, Remgro Limited, RMB Holdings Limited, RMI Holdings Limited

Johan Petrus Burger, BCom(Hons), CA(SA)

Mr. Burger is a Chartered Accountant and joined RMB in 1986. During his initial period at RMB, he held the position of chief financial officer ("**CFO**") of the Treasury Division. He was appointed financial director of RMB in 1995 with responsibility for finance, taxation, credit, risk management and internal audit. During 1998, he served as chairman of the Executive Committee of RMB. Since the restructuring of FirstRand banking

operations in February 1999, Mr. Burger has had responsibility as financial director of the Bank for finance, risk management, internal audit, credit, taxation, development of performance/profit models for the banking group and the Group secretarial office.

Directorships – FirstRand, MMI Holdings Limited, RMBH, RMI Holdings and Ashburton Investments

William Rodger Jardine, BSc, MSc

Mr Jardine was the CEO of Aveng Limited between July 2008 and August 2013. In February 2014 he took up the position of Chief Executive of the Primedia Group. After graduating from Wayne State University in 1991, he assumed the role of co-ordinator for the ANC's desk of Science and Technology. In 1995 he joined the Department of Science and Technology as director general, a role he fulfilled for five years. Mr. Jardine joined Kagiso Media in 1999 as chief executive officer. In November 2006 he became chief operating officer of Kagiso Trust Investments.

He is a trained physicist and obtained a Bachelor of Science (BSc) and a Master of Science (MSc) degree from Haverford College, Pennsylvania (United States).

Mr. Jardine was an executive director of the Aveng Group and also served as chairman of the CSIR and the Nuclear Energy Corporation of South Africa (NECSA) for six years.

Directorships – FirstRand, The Sharks (Pty) Ltd and Primedia (Pty) Ltd

Vivian Wade Bartlett, AMP (Harvard), FIBSA

Mr. Bartlett started his career with Barclays Bank Dominion, Colonial and Overseas South Africa, which subsequently became First National Bank of Southern Africa in 1987. After some four years of overseas secondments, he returned to South Africa in 1992 where he served as general manager and managing director in various group companies until being

appointed as group managing director and chief executive officer of First National Bank of Southern Africa in 1996. In 1998, he was appointed deputy chief executive officer of the Bank, a position he held until his retirement in 2004.

Directorships – FirstRand

Patrick Maguire Goss, BEcon(Hons),
BAccSc (Hons), CA(SA)

Mr. Goss, after graduating from the University of Stellenbosch, served as President of the Association of Economics and Commerce Students, representing South Africa at The Hague and Basel. He thereafter qualified as a Chartered Accountant with Ernst and Young and then joined the Industrial Development Corporation where he worked for two years. A former chairman of the Natal Parks Board, his family interests include Umngazi River Bungalows and Spa.

Directorships – FirstRand, RMB Holdings Limited, RMI Holdings Limited

Benedict James Van der Ross, Dip Law
(UCT)

Mr. Van der Ross has a diploma in Law from the University of Cape Town and was admitted to the Cape Side Bar as an attorney and conveyancer. Thereafter he practiced for his own account for 16 years. He became an executive director with the Urban Foundation for five years up to 1990 and thereafter of the Independent Development Trust where he was deputy chief executive officer from 1995 to 1998. He acted as chief executive officer of the South African Rail Commuter Corporation from 2001 to 2003 and as chief executive officer of Business South Africa from 2003 to 2004. He was appointed to the board of The Southern Life Association in 1986.

Directorships – FirstRand, Lewis Group Limited, Naspers Investments Limited, Pick 'n Pay Stores Limited, Strategic Real Estate Management – Chairman, MMI Holdings Limited and various

subsidiaries, and Distell Group Limited

Ethel Matenge-Sebesho, CAIB (SA), MBA

Mrs Matenge-Sebesho has considerable experience in the banking and financial services sector at strategic and policy levels and in several microfinance initiatives in Southern Africa. She started her career in banking with Standard Chartered Bank Botswana Limited from 1973 to 1996, during which time she studied for an MBA at Brunel University in London. She was the first person in Botswana to obtain the Institute of Bankers' Associate Diploma (CIAB) South Africa.

She is currently working for Home Finance Guarantors Africa Reinsurance, whose main objective is to facilitate access to housing finance in the low to medium income market in Africa. Her main role is to drive the establishment of new markets for the company in a number of African countries.

Mrs Matenge-Sebesho has served on various bodies, among them, Air Botswana (as vice chairman), Oikocredit (an international development financial institution based in the Netherlands), Botswana Housing Corporation and WDB-micro finance.

Directorships – FirstRand, Momentum Ability, Momentum Structured Insurance, Momentum Alternative Insurance, Momentum Investments (Pty) Ltd

Leon Crouse, CA(SA)

Mr. Crouse studied at the Nelson Mandela Metropolitan University in Port Elizabeth and after obtaining a Certificate in the Theory of Accounting in 1976, he qualified as a Chartered Accountant (SA) in 1977. During his professional career of more than 30 years, he gained financial knowledge and experience by lecturing at the University of Stellenbosch and holding various financial management positions in the sectors of telecommunications, luxury goods, chemicals and clothing and textiles.

He joined the former Rembrandt Group in 1986 in which year he transferred to Switzerland to hold the position of Financial Controller of Compagnie Financière Richemont AG and to be part of the team that unbundled the luxury goods business from the Rembrandt Group to form Richemont and list it on the Swiss, Luxembourg and South African Stock Exchanges.

In 1993, as a Rembrandt appointee, he returned to South Africa to become a founder member of the Vodacom Group executive team. Rembrandt, at the time, held a 15 percent. interest in Vodacom. During his nearly 15 year career at Vodacom, he served as general manager, Finance between 1993 and 1996 and as CFO from 1996 until March 2008. He joined Remgro in April 2008 as designate Director, Group Finance and was appointed to the board of Remgro on 18 June 2008.

Directorships – FirstRand, Remgro Limited, RMBH, Dark Fibre Africa (Pty) Ltd, MMI Holdings Limited and Total South Africa (Pty) Limited

Jurie Johannes Human Bester, BSc Eng Elect (Pret), ISMP (Harvard)

Mr. Bester was appointed to the Board on 17 June 2008.

Mr. Bester has broad experience and expertise in all aspects of senior management, strategic planning, banking management, treasury management, financial market analysis, financial market trading, investment management, credit risk management and risk management.

Mr. Bester joined the Group in November 1997 as risk manager of RMB and was Group Risk Manager until he retired in December 2005.

Mr. Bester serves on the FirstRand International Board and on various Committees within the Group.

Directorships – FirstRand

Jan Hendrik van Greuning, CA(SA), CFA, D.Compt (Accounting Science) and D.Com (Economics)

Dr. van Greuning joined the World Bank in 1994 from the South African Reserve Bank, where he served as Registrar of Banks (1990 – 1994) and financial manager (1986 – 1989). Prior to that he was a partner with Deloitte, where he had spent ten years.

During his World Bank career, Dr. van Greuning worked in the Financial Sector Development Department as well as the Europe and Central Asia region before moving to the World Bank Treasury, until his retirement in late 2009. He has worked extensively on financial regulatory, securities accounting and operational risk management issues.

His World Bank publication on International Financial Reporting Standards (IFRS – A Practical Guide) has appeared in five editions and he has co-authored "Analysing Banking Risk" (three editions), "Risk Analysis for Islamic Banks" (1st edition November 2007) as well as International Financial Statement Analysis (CFA Institute – November 2008). Some of the books have been translated into more than fifteen languages.

Directorships – FirstRand

Nolulamo Gwagwa, BA (Fort Hare), MTRP (Natal), MSc (*cum laude*), (London), PhD (London)

Mrs. Lulu Gwagwa worked as a town planner in the private, public and NGO sectors between 1981 and 1986, whereafter she proceeded to further her studies. In 1992 she joined the University of Natal as a senior lecturer in the Department of Town and Regional Planning. In 1995 she was appointed as a deputy director general in the national Department of Public Works, where she was responsible for the national public works programme and the transformation of the construction industry.

From 1998 to 2003 she was the chief executive officer

of the Independent Development Trust. She is currently the chief executive officer of Lereko Investments.

Directorships – FirstRand, Lereko Investments (Pty) Ltd, Massmart Holdings and Sun International

Amanda Tandiwe Nzimande, BCom, CTA(UCT), CA(SA), Diploma in Company Law (Wits)

Mrs Nzimande is the Chief Financial Officer of both WDB Trust and WDB Investment Holdings ("WDBIH"). In addition to ensuring that adequate financial systems and controls are in place at WDBIH and WDB Trust, her role includes executing transactions and the monitoring of on-going investment relationships, participating in the management of WDBIH's portfolio of investments, as well as formulating strategic objectives for WDB.

She qualified in 1996 as a chartered accountant while with KPMG. She was a senior associate in the investment banking division of Deutsche Bank where she spent five years gaining experience in mergers and acquisitions internationally and in South Africa.

Directorships – FirstRand, Mosana Petroleum Solutions (Pty) Ltd, WDB Investment Holdings (Pty) Ltd and WDB Discovery Investments (Pty) Ltd, WDB Inyosi Investments (Pty) Ltd and Hollard Foundation Trust - Trustee

Kgotso Buni Schoeman, BA Economics, Advanced Financial Management Diploma

Mr. Kgotso Schoeman is currently the chief executive officer of Kagiso Trust. He has been involved with the trust for over 14 years. He led the team that developed the new strategy of the trust from being a general conduit grant funding agency to a development and implementing agency in the early education and rural finance development fields. He is currently heading negotiations with the provincial education department and the private sector to secure long term partnership for possible national rollout on a programme to improve rural education. He has considerable experience in programme design and management. He has over the

past ten years participated as a team member or led a number of projects including: the Alexandra Renewal Programme, the Local Economic Development Study for the Amajuba Municipality in Newcastle, the Impact Study of the SMME Micro-financing sector around the Tshwane area and the Public Participation Process that led to Robben Island gaining world heritage status.

Directorships – FirstRand, and Kagiso Tiso Holdings Ltd and its subsidiaries

Deepak Premnarayan, BA Economics
(Hons) India

Mr. Premnarayan started his career as a management trainee in 1968 with New India Assurance. He later moved to Citibank and then Reckitt & Coleman in India. In 1998 he founded the ICS Group to pursue emerging infrastructure development opportunities in India. He continues to serve as Chairman of the ICS Group, which has now broadened its interests to include asset management, property management and related services, and hospitality. He acts as FirstRand's mentor in India and is a member of its Advisory Board.

Directorships – FirstRand, ICS Group

Mary Sina Bomela BCom(Hons), CA(SA),
MBA

Mrs. Bomela is an executive director at Mineworkers Investment Company (MIC) responsible for the investment strategy and recommending investment decisions to the board. She is a shareholder representative on investee company board of directors and provides strategic direction to selected investee companies. She qualified in 2002 as a chartered accountant while with PWC.

Directorships – FirstRand, Metrofile, Masana Petroleum, BP Southern Africa Ltd and Set Point Technology Holdings

Grant Glenn Gelink, CA (SA)

Mr. Grant has had extensive work experience within Deloitte, which includes the following positions which span over 26 years – Chief Executive (2006 to 2012),

Chief Executive Human Capital Corporation (2004 to 2006), Managing Partner, Consulting and Advisory Services (2001 to 2006), and Partner in Charge Pretoria Office (1997 to 1999).

Directorships – FirstRand, Santam, Allied Electronics Corporation (ALTRON), Grindrod, Eqstra Holdings and MTN Zakele (RF)

Jan Jonathan Durand, CA(SA)

Mr. Jannie Durand studied at the University of Stellenbosch and after obtaining his B. Accountancy degree in 1989 and Hons. B. Accountancy degree in 1990, he obtained his M.Phil (Management Studies) degree from Oxford in 1992. He qualified as a chartered accountant in 1995.

He joined the Rembrandt Group in 1996. He became the Financial Director of VenFin Ltd in 2000, becoming the CEO of VenFin Ltd in May 2006. He was appointed Chief Investment Officer of Remgro Ltd in November 2009, and has been the CEO of Remgro Ltd since 7 May 2012.

Directorships – FirstRand RMI Holdings, Discovery Holdings, Distell Group, Mediclinic International, RCL Foods and Unilever SA Holdings

Peter Cooper, BCom (Hons), H Dip Tax, CA(SA)

Mr. Peter Cooper graduated from the University of Cape Town. After qualifying as a Chartered Accountant (SA) in 1981 he worked in the financial services sector, first as a tax consultant and later specialising in structured finance. Peter joined RMB's Special Projects division in 1992 and transferred to RMB Holdings Limited in 1997. He is chief executive officer of RMB Holdings (FirstRand's most significant shareholder) as well as of its sister company, Rand Merchant Insurance Holdings Limited, both of which are listed on the JSE Securities Exchange.

Directorships – FirstRand, RMBH and RMI Holdings

Hetash Surendrakumar Kellan, BCom, BCom (Hons), CA (SA)

Mr Kellan graduated from the University of Witwatersrand in 1994 and qualified as a chartered accountant after serving articles at Arthur Andersen. He spent nearly six years with Arthur Andersen in Johannesburg and London and thereafter over four years with HSBC South Africa in the corporate finance department.

He joined FNB in 2005 and was appointed CFO in 2007. In January 2014 he was appointed the financial director of FirstRand Limited.

Directorships – FirstRand (FD), FREMA, and FRIHL (Pty) Ltd

Russell Mark Loubser, M Com (Statistics), BCom (Hons) (Accounting), CA(SA) (appointed with effect from 5 September 2014)

Mr Loubser was the CEO of the Johannesburg Stock Exchange (JSE) from January 1997 until December 2011. Prior to being appointed to the JSE, he was Executive Director of Financial Markets at RMB, which he joined in May 1985. He was part of the small team at RMB that started the Stock Index Derivatives Industry in South Africa in 1987. During his tenure at RMB, he served as the Chairman of Safex for two years and Deputy Chairman for one year. He was also a member of the King Committee on Corporate Governance for 15 years and a Council Member of the University of Pretoria (since 2007). He was a member of the Securities Regulation Panel of South Africa for 15 years and served on the Board of Directors of the World Federation of Exchanges ("**WFE**") for approximately 13 years. He chaired the Working Committee of the WFE for two years.

Directorships – FirstRand

Additionally, the Bank has a company secretary, C Low, who is suitably qualified and was appointed by the Board on 6 January 2014. She is, *inter alia*, responsible for the duties stipulated in Section 88 of the Companies Act.

Conflicts of Interest

All directors of the Bank serve as directors of one or more of the Bank's affiliates (including FirstRand and other companies within the Group). The Bank engages in transactions with some of these affiliates, including transactions in the ordinary course of business. See "*Related Party Transactions*" below.

All of the directors of the Bank are also directors of the Bank's parent company, FirstRand, and they therefore also owe duties in that capacity to FirstRand as well as to the Bank. It is possible that the duties which these directors owe to FirstRand may potentially conflict with their duties to the Bank.

In respect of potential conflicts of interest that may arise in the future, the Bank has processes for the management of such conflicts such that it does not expect that any actual conflict of interest would arise.

Other than as described above, there is no potential conflict of interests between any duties which the members of the Board owe to the Bank and their private interests or other duties.

As described below in "*Risk Management*", the Board discharges its duties through several FirstRand committees and subcommittees. Although the Group and the Bank each has its own board of directors, there is a single set of governance committees for the Group and each of its major subsidiaries, including the Bank.

FirstRand committees responsible for the Bank include the following:

FirstRand Audit Committee

The current members of the Audit Committee are as follows:

<u>Name</u>	<u>Position</u>
Jan Hendrik van Greuning	Non-executive Chairman
Vivian Wade Bartlett	Non-executive
Jurie Johannes Human Bester	Non-executive
Leon Crouse	Non-executive
Ethel Matenge-Sebesho	Non-executive
Grant Glenn Gelink	Non-executive

The Audit Committee is responsible for considering the annual financial statements for approval by the Board, and monitoring the quality of the internal controls and processes of the Bank and the implementation of corrective actions. The committee meets quarterly.

FirstRand Risk Capital Management and Compliance Committee ("RCC Committee")

The current members of the RCC Committee are as follows:

Name	Position
Jurie Johannes Human Bester	Non-executive Chairman
Grant Glenn Gelink	Non-executive
Leon Crouse	Non-executive
Jan Hendrik van Greuning	Non-executive
Mary Bombela	Non-executive
Zelda Roscherr	Specialist Consultant
Russell Loubser	Non-executive

The RCC Committee is responsible for approving the risk management policy, standards and processes, monitoring the Bank's risk assessments and the effectiveness of risk management and high priority corrective actions. The RCC Committee has delegated responsibility for a number of specialist topics to various subcommittees as described further in "*Risk Management*" below. The committee meets quarterly.

FirstRand Large Exposures Committee

The current members of the Large Exposures Committee are:

Name	Position
Jurie Johannes Human Bester	Non-executive Chairman
Vivian Wade Bartlett	Non-executive
Johan Petrus Burger	Executive
Sizwe Nxasana	Executive
William Rodger Jardine	Non-executive
Benedict James Van der Ross	Non-executive
Jacques Mouton	Executive
Jaco Grobler	Executive
Ferdie Swanepoel	Executive
Russel Loubser	Non-executive

The Large Exposures Committee is responsible for approving credit exposures in excess of 10 percent. of the Bank's capital. The committee meets quarterly.

FirstRand Director's Affairs and Governance Committee

The current members of the Director's Affairs and Governance Committee are:

Name	Position
William Rodger Jardine	Non-executive Chairman
Leon Crouse	Non-executive
Vivian Wade Bartlett	Non-executive
Laurie Dippenaar	Non-executive
Patrick Maguire Goss	Non-executive
Benedict James van der Ross	Non-executive
Ethel Matenge-Sebesho	Non-executive
Jurie Johannes Human Bester	Non-executive
Jan Hendrik van Greuning	Non-executive
Jan Jonathan du Rand	Non-executive
Paul Kenneth Harris	Non-executive
Nolulamo Gwagwa	Non-executive
Amanda Tandiwe Nzimande	Non-executive
Kgotso Buni Schoeman	Non-executive
Deepak Premnarayan	Non-executive
Mary Sina Bomela	Non-executive
Grant Glenn Gelink	Non-executive
Peter Cooper	Non-executive
Russel Loubser	Non-executive

The objective of this committee is to assist the Board in discharging its responsibilities relative to corporate governance structures, matters relating to performance and remuneration of directors, the appointment of new directors, the effectiveness of the Board and succession planning at executive level. The committee meets quarterly.

EMPLOYEES

As at 30 June 2014 the Bank had approximately 32,831 employees, compared to 32,237 as at 30 June 2013. The approximate number of employees within each of the Bank's major divisions and its Corporate Centre is set out below:

FNB	26,720
RMB	2,654
WesBank	2,794
FCC (including Group Treasury)	663

To date, the Bank has not experienced industrial action or other work stoppages resulting from labour disputes.

COMPETITION

In South Africa, there are currently 10 registered banks with local control, 6 registered banks with foreign control, 14 branches of foreign banks, 3 registered mutual banks, and 43 representative offices of foreign banks (Source: SARB website). As at 30 June 2014, the South African banking sector had total assets of R4.02 trillion according to statistics published by the SARB (Source: BA900, June 2014).

In addition to the Bank, the largest banks in South Africa (and the Bank's principal competitors) are Absa Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited. The following table sets out total assets and capital and reserves for each:

	<u>Total Assets</u>	<u>Capital and Reserves</u>
	<i>(R billion)</i>	
Absa Bank Limited	801.1	52.8
FirstRand Bank Limited.....	835.9	64.5
Nedbank Limited	687.7	47.4
The Standard Bank of South Africa Limited.....	1,017.1	76.7

Source: SARB BA900, June 2014

The Bank's competitors also include Investec Bank Limited, as well as the local operations of international banks.

CAPITAL ADEQUACY

The Bank is subject to regulatory capital requirements. The capital adequacy of the Bank is measured in terms of the South African Banks Act.

The Bank's capital planning process ensures that its total capital adequacy and Tier 1 ratios remain within approved ranges or above target levels across economic and business cycles. The Bank is appropriately capitalised under a range of normal and severe scenarios as well as a range of stress events.

The Board-approved capital plan is reviewed as part of the Group's Internal Capital Adequacy Assessment Process ("**ICAAP**"), with the stress testing framework being an extension to the process. These processes are under continuous review and refinement and continue to inform the targeted buffer above the minimum capital requirement.

Regular reviews of economic capital are carried out and the Bank remains well capitalised in the current environment, with levels of Tier 1 capital exceeding the level of economic capital required. The

Bank aims to back all economic risk with Tier 1 capital, which offers the greatest capacity to absorb losses.

For the year ended 30 June 2014, the Bank (excluding foreign branches), operated above its targeted capitalisation range with a total capital adequacy of 16.1 percent and a solid Common Equity Tier 1 ("CET1") ratio of 13.6 percent.

The Bank follows a conservative approach to capital levels and prefers to maintain strong capital ratios at the upper end of its targeted capitalisation range. The Group will revisit the internal target capitalisation levels during the transitional period of Basel III.

Basel III

Basel III was successfully implemented in South Africa on 1 January 2013 and the impact on the Bank's CET1 ratio was positive. However, Tier 1 and total capital adequacy ratios will decline from 1 January 2013 to 2019, as the current Additional Tier 1 and Tier 2 instruments do not meet the Basel III qualifying criteria. These instruments will be grandfathered from 2013 over a ten-year period. Given the transitional period to comply with the final capital framework, the Bank remains focused on meeting the end-state CET1 requirement, while looking at ways to optimise its overall capital mix. The Bank continues to participate in the SARB's bi-annual quantitative impact studies to assess the impact of Basel III on capital adequacy ratios.

The targeted capital levels as well as the current ratios as at 30 June 2014 for the Bank (excluding foreign branches) are summarised in the table below:

	Actual	Target	Regulatory minimum*
Capital adequacy ratio (%)	16.1	>14.0	10.0
Tier 1 ratio (%)	14.2	>12.0	7.0
CET1 ratio (%)	13.6	10.0-11.0	5.5

* The regulatory minimum excludes the bank specific individual capital requirement.

Source: FirstRand Bank Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

The following table shows the composition of regulatory capital for the Bank as at 30 June 2014, while the subsequent tables provide a breakdown of risk weighted assets and the respective approaches required by the current SARB regulations.

	FRB*			
	30 June 2014	%	30 June 2013	%
	<i>(R million)</i>			
Total CET1 capital	57,532	13.6	50,173	12.6

Total Tier 1 capital	59,932	14.2	52,873	13.3
Total qualifying capital and reserves	68,164	16.1	59,572	14.9

* Reflects solo supervision, i.e. FirstRand Bank Limited excluding foreign branches.

Source: FirstRand Bank Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

Risk weighted assets ("RWA") for each risk type

	FRB [#]			
	30 June 2014		30 June 2013	
	RWA	Capital requirement*	RWA	Capital requirement*
	<i>(R million)</i>			
Credit and counterparty credit risk.....	320,495	32,050	297,863	28,297
Operational risk.....	67,364	6,736	62,748	5,961
Market risk	11,577	1,158	7,855	746
Equity investment risk.....	6,564	656	10,511	999
Other risk	17,257	1,726	19,542	1,856
Total RWA	423,257	42,326	398,519	37,859

[#] Reflects solo supervision, i.e. FirstRand Bank Limited excluding foreign branches.

* Capital requirements calculated at 10.0 percent. of RWA (2013: 9.5 percent. of RWA).

Source: FirstRand Bank Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

The table below provides the RWA numbers per current SARB regulations for each risk type as at 30 June 2014.

	<u>R million</u>
Credit risk and counterparty credit risk	
Advanced Internal Ratings Based Approach ("AIRB").....	320,495
Corporate, banks and sovereigns.....	140,257
SME	41,835
Residential mortgages	48,203
Qualifying revolving retail	20,030
Other retail	67,130
Securitisation exposure	1,913
Counterparty credit risk*	1,127
Equity investment risk	6,564
Simple risk weighted method.....	6,564
Operational risk	67,364
Advanced measurement Approach	67,364
Market risk	11,577
Internal Model Approach	11,577

	<u>R million</u>
Other assets	17,257
Standardised Approach	17,257

*Counterparty credit risk excluding default risk

Source: FirstRand Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

LEGAL PROCEEDINGS

The Bank has been, and continues to be, the subject of legal proceedings and adjudications from time to time.

There are a number of legal or potential claims against the Bank, the outcome of which cannot at present be foreseen. These claims are not regarded by management as material either on an individual or collective basis.

However, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), in the 12 months prior to the date of this Programme Memorandum, which may have or have had in the recent past, a significant effect on the financial position or profitability of the Bank and its subsidiaries.

PROPERTY

As at 30 June 2014, the Bank held the freehold title to land and buildings with a net book value of R4,802 million and leasehold title to properties with a net book value of R2,016 million compared to R4,555 million and R1,868 million respectively as at 30 June 2013.

INSURANCE

The Bank has a comprehensive insurance programme with cover for bankers bond, computer crime, professional indemnity, directors and officers liability, assets and liabilities. Regular benchmarking reviews of policy provisions, covers and limits ensure that the level of risk mitigation is adequate in relation to the Bank's risk profile.

All major insurance covers are placed at Group level to maximise economies of scale and to ensure all entities are included. However, where appropriate, non-South African Group companies place their local requirements in their countries of operation.

IT/TECHNOLOGY

Information technology is an integral part of the Bank's operations. The Bank is continually seeking to improve the operating features and security of its IT systems, in particular for new technologies to support and enhance its business strategies.

Information risk management within the Group not only involves securing bank information and systems, but also entails the application of risk management principles to ensure efficient, reliable and timely delivery of information.

FUNDING

See the "*Risk Factors – Liquidity Risk – Structural characteristics impacting the funding profile of South African banks*" section above for a discussion of certain structural characteristics of the South Africa banking sector which are relevant to the Bank's funding sources and strategy. In this section, "institutional funding" refers to wholesale funding from financial institutions across a range of deposits, loans and financial instruments.

Funding strategy

FirstRand's objective is to fund its activities in a sustainable, diversified, efficient and flexible manner, underpinned by strong counterparty relationships within prudential limits and requirements. The objective is to maintain natural market share of transactional accounts and balances, but also to outperform at the margin, which will provide the Group with a natural liquidity buffer. The four building blocks of the Group's funding strategy are discussed in more detail below.

Diversification

The Group views funding diversification from a number of different perspectives:

- Segments – the Group has a strong and stable deposit franchise, which spans the retail, commercial and corporate segments. Institutional funding represents approximately 37 percent of the Bank's total funding and this reliance represents a risk concentration that is actively managed through the holding of appropriate liquidity buffers and continued focus on lengthening the term profile.
- Country and currency of issue – the Bank has access to a variety of funding and capital markets offshore and locally, including South Africa, Europe, Asia, Australia, Middle East and Botswana in ZAR, USD, GBP, EUR, AUD and BWP.
- Instrument types and maturity profile – the Bank funds itself with a variety of different funding instruments, including negotiable certificates of deposit ("**NCDs**"), fixed and floating rate notes, syndicated loans, development finance facilities, vanilla and structured capital market issuances, and various retail and corporate products.

The Bank seeks to broaden its investor base as far as possible, while actively pursuing an investor relations strategy.

An analysis of the Bank's funding base is provided in the following tables.

The table below provides an historic analysis of the Bank's funding sources and reflects the stability of, and its reliance on, institutional funding as at the dates indicated.

Funding analysis by source (unaudited)

	30 June 2011	31 Decembe r 2011	30 June 2012	31 Decembe r 2012	30 June 2013	31 Decembe r 2013	30 June 2014
Institutional	41%	39%	37%	39%	39%	37%	37%
Corporate	21%	22%	22%	22%	22%	23%	23%
Retail	16%	17%	17%	17%	17%	17%	17%
SME	5%	5%	6%	6%	5%	5%	5%
Public	9%	10%	11%	9%	9%	10%	10%
Foreign	5%	5%	5%	5%	6%	6%	6%
Other	3%	2%	2%	2%	2%	2%	2%
TOTAL	R516bn	R544bn	R558bn	R599bn	R639bn	R657bn	R705bn

Source: SARB BA900 returns as at 30 June 2014.

A historical analysis of the average maturity of the Bank's institutional funding base as at the dates indicated is provided in the table below, and it shows that the Bank has reduced its reliance on short-term funding over time.

Term profile of institutional funding base (unaudited)

	30 June 2011	31 Decemb er 2011	30 June 2012	31 Decemb er 2012	30 June 2013	31 Decemb er 2013	30 June 2014
Short Term (0 to 1 month)	42%	40%	38%	35%	37%	37%	33%
Medium Term (1 to 6 months)	18%	18%	18%	18%	23%	22%	22%
Long Term (>6 months)	40%	42%	44%	47%	40%	40%	45%
TOTAL	R209bn	R210bn	R207bn	R231bn	R249bn	R242bn	R261bn

Source: SARB BA900 returns as at 30 June 2014

The table below sets out the maturity profile as at 30 June 2014 of all outstanding capital markets instruments issued by the Bank. The Bank does not have concentration risk in any one year.

FirstRand Bank capital markets instruments (unaudited)

	Senior debt (R million)	Inflation - linked senior debt (R million)	Subordinate d debt (R million)	EMTN issuance (R million)	Credit-linked notes (R million)	Total (R million)
<i>Maturity</i>						
2015	5,001	9	-	-	732	5,742
2016	4,381	-	100	5,587	3,462	13,531
2017	2,612	-	2,675	-	2,199	7,485
2018	2,618	-	3,133	38	899	6,667
2019	3,899	-	1,738	1,916	655	8,209
2020	613	-	-	-	20	633
2021	218	-	272	482	20	992
2022	-	667	-	-	224	892
2023	1,021	4,433	-	-	101	5,555
2024	1,953	194	-	-	30	2,177
2025	-	800	-	-	10	810
2026	2,761	-	-	-	-	2,761
2028	-	1,688	-	-	-	1,688
2031	4,492	-	-	-	-	4,492
2033	-	1,011	-	-	-	1,011
2038	-	520	-	-	-	520
2042	-	141	-	-	-	141
2045	337	-	-	-	-	337

Efficiency

The Group's aim is to fund the balance sheet in the most efficient manner, taking into account the liquidity risk management framework, as well as regulatory and rating agency requirements.

To ensure maximum efficiency and flexibility in accessing funding opportunities, a range of debt programmes have been established. The Group's strategy for domestic public capital market issues is to create actively-traded benchmarks, which facilitate secondary market liquidity in both domestic and offshore markets. The value of this strategy is that it assists the Group to identify cost-effective funding opportunities and ensures an understanding of market liquidity dynamics.

Flexibility

The Group has a track record of differentiating itself through new and innovative funding mechanisms. It constantly reviews new proposals relating to funding strategies based on forecast balance sheet structures, in order to anticipate and plan for future funding and structural liquidity requirements.

Strong Counterparty Relationships

The Group places great value on its established strong relationships with investors and is committed to keeping investors fully informed. Therefore an active marketing approach is embedded in the funding strategy. Through forums such as conference calls, domestic and international roadshows and investor presentations, the Group aims to extend its investor base, and keep stakeholders up to date on its financial performance and counterparty status.

Deposits

The following table sets out the Bank's deposits (in R millions) for the years ended 30 June 2014 and 2013. (Note that deposits include both amounts deposited by customers, as well as institutional funding via debt capital market issuances but excluding subordinated debt).

R million	As at June 2014			As at June 2013		
	Designated at fair value through profit or loss	At amortised cost	Total	Designated at fair value through profit or loss	At amortised cost	Total
Category analysis						
Current accounts	-	155,128	155,128	-	126,508	126,508
Savings accounts	-	5,958	5,958	-	4,673	4,673
Call deposits	133	130,680	130,813	1,211	122,874	124,085
Fixed and notice deposits	51,104	138,232	189,336	40,079	159,948	200,027
Negotiable certificates of deposit	3,062	49,578	52,640	1,729	26,448	28,177
Repurchase agreements	16,953	4,749	21,702	28,265	3,094	31,359
Securities lending	-	6,303	6,303	-	6,414	6,414
Credit linked notes and cash collateral	9,379	12,370	21,749	7,627	17,441	25,068
Fixed and floating rate notes	2,268	86,233	88,501	3,986	61,078	65,064
Other	282	20,764	21,046	210	18,287	18,497

R million	As at June 2014			As at June 2013		
	Designated at fair value through profit or loss	At amortised cost	Total	Designated at fair value through profit or loss	At amortised cost	Total
Total deposits	83,181	609,995	693,176	83,107	546,765	629,872
Total liabilities			787,145			725,168

The vast majority of the Bank's funding is denominated in Rand, although the Bank accepts deposits and funding in other currencies.

The table set out at note 5 of the Bank's annual report for the year ended 30 June 2014, which has been incorporated by reference into this Programme Memorandum, sets out the current (within 12 months) and non-current (over 12 months) analysis of the Bank's balance sheet.

Securitisation

From an accounting perspective, traditional securitisations are treated as sales transactions. At inception, the assets are sold to a SPV at carrying value and no gains or losses are recognised. For synthetic securitisations, the credit derivatives used in the transaction are recognised at fair value, with any fair value adjustments reported in profit or loss.

Securitisation entities are consolidated into FRIHL for financial reporting purposes. Any retained notes are accounted for within the banking book of the appropriate entity (i.e. the Bank or the consolidated accounts of FRIHL).

Traditional and synthetic securitisations

The following tables show the traditional and synthetic securitisations currently in place, the rating distribution of any exposures retained and a breakdown of the various roles performed by the Bank. Whilst national scale ratings have been used in this table, global scale equivalent ratings are used for internal risk management purposes and regulatory capital reporting. All assets in these vehicles were originated by the Bank and in each of these transactions the Bank acted as originator, sponsor and servicer.

Securitisation transactions

R million	Asset type	Year initiated	Expected close	Rating agency	Assets securitised	Assets outstanding*		Notes outstanding		Retained exposure		
						2014	2013	2014	2013	2014	2013	
<i>Traditional securitisations**</i>						19,167	10,066	7,019	10,895	7,823	1,739	179
Nitro 4	Retail: Auto loans	2007	2016	Moody's	3,982	576	1,453	717	1,747	38	179	
Turbo Finance 2	Retail: Auto loans	2012	2015	Moody's and Fitch	4,037	1,067	2,200	1,189	2,402	-	-	
Turbo Finance 3	Retail: Auto loans	2012	2015	Moody's and Fitch	4,570	1,907	3,366	2,108	3,674	-	-	
Turbo Finance 4	Retail: Auto loans	2013	2021	Moody's and Fitch	6,578	6,516	-	6,881	-	1,701	-	
<i>Synthetic securitisation**</i>						20,000	-	5,000	-	5,000	-	3,095
Fresco 2	Corporate receivables	2007	2013	Fitch	20,000	-	5,000	-	5,000	-	3,095	
Total					39,167	10,066	12,019	10,895	12,823	1,739	3,274	

* Does not include cash reserves.

** This table includes transactions that have been structured by the Bank and therefore excludes third-party transactions.
Source: FirstRand Bank Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

Rating distribution of retained and purchased securitisation exposure

R million	AAA (zaf)	AA+ (zaf)	AA (zaf)	AA- (zaf)	A+ (zaf)	A (zaf)	BBB+ (zaf)	BBB (zaf)	BB (zaf)	B+ (zaf)	Not rated	Total
<i>Traditional</i>												
At 30 June 2014	1,463	-	-	-	247	-	-	30	-	-	-	1,740
At 30 June 2013	98	-	-	-	81	-	-	-	-	-	-	179
<i>Synthetic</i>												
At 30 June 2014	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2013	-	-	-	-	-	-	-	3,020	52	-	23	3,095
<i>Third party</i>												
At 30 June 2014	504	-	-	-	-	-	-	-	-	-	-	504
At 30 June 2013	503	-	-	-	-	-	-	-	-	-	-	503

This table includes the rating distribution of transactions retained by the Bank and those purchased from third parties.
Source: FirstRand Bank Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

The Bank's credit ratings

On 18 June 2014, S&P announced that it had lowered its long and short-term counterparty credit ratings on four South African banks, including the Issuer (the "**S&P Announcement**"). The S&P Announcement confirmed that S&P had lowered these ratings because S&P does not rate South African banks above the sovereign's foreign currency ratings and, on 13 June 2014, S&P had lowered its foreign currency ratings on the Republic of South Africa.

The S&P Announcement stated that the lowering of the ratings on South Africa reflects S&P's expectation of lacklustre GDP growth in South Africa, against a backdrop of relatively high current account deficits, rising general government debt, and the potential volatility and cost of external financing among other factors. S&P affirmed a stable outlook for the Issuer's credit ratings.

The Bank's ratings from S&P are as follows: A-3 (short term) and BBB (long term) foreign currency counterparty credit ratings, A-3 (short term) and BBB (long term) local currency counterparty credit ratings and zaAA (long term) and zaA-1 (short term) national scale credit ratings and bbb standalone credit profile.

On 19 August 2014, Moody's announced that it had downgraded by one notch the long term local currency deposit ratings, the long term national scale deposit ratings and (where Moody's rates their senior unsecured debt) the associated debt ratings of the four largest South African banks, including the Issuer (the "**August 2014 Moody's Announcement**"). In addition, all of these ratings and their corresponding long term foreign currency ratings were placed on review for downgrade.

The August 2014 Moody's Announcement confirmed that the one notch downgrade of the local-currency deposit and senior unsecured debt ratings reflects Moody's view of the lower likelihood of systemic support from South African authorities to fully protect creditors in the event of need. Moody's stated that this was prompted, most recently, by the actions taken by the SARB in response to the abrupt loss of creditor confidence in African Bank Limited including SARB's willingness to proceed with a burden sharing restructuring plan for African Bank Limited involving debt holders and wholesale depositors.

On 10 November 2014, Moody's announced that following the lowering of South Africa's bond rating on 6 November 2014, the long-term deposit and senior debt ratings of the five largest South African banks, including the Issuer were downgraded by one notch to Baa2 from Baa1 (the "**November 2014 Moody's Announcement**").

The November 2014 Moody's Announcement indicated that the rating actions were driven primarily by (i) the weakening of the South African government's credit profile, combined with the banks' level of holdings of sovereign debt securities, which link their creditworthiness to that of the national government; and to a lesser extent by (ii) the challenges banks in South Africa face in view of weaker economic growth in South Africa.

The Bank's ratings from Moody's are as follows: P-2 (short term) and Baa2 (long term) foreign currency bank deposit ratings, P-2 (short term) and Baa2 (long term) local currency bank deposit ratings, P-1.za (short term) and A1.za (long term) national scale credit ratings and C- bank financial strength rating and baa2 baseline credit assessment.

The Bank's ratings from Fitch are as follows: F3 (short term) and BBB (long term) foreign currency issuer default rating, BBB (long term) local currency issuer default rating, F1+(zaf) (short term) and AA(zaf) (long term) national scale credit ratings, bbb viability credit rating, 3 support credit rating and BB+ support rating floor credit rating.

RISK MANAGEMENT

The Group believes that effective risk management is of primary importance to its success and is a key component of the delivery of sustainable returns to its shareholders. It is therefore deeply embedded in the Group's tactical and strategic decision making. The Group aligns its risk management approach to its strategy.

The Group defines risk widely – as any factor that, if not adequately assessed, monitored and managed, may prevent it from achieving its business objectives or result in adverse outcomes, including damage to its reputation. Risk taking is an essential part of the Group's business and FirstRand explicitly recognises risk identification, assessment, monitoring and management as core competencies and important differentiators in the competitive environment in which it operates.

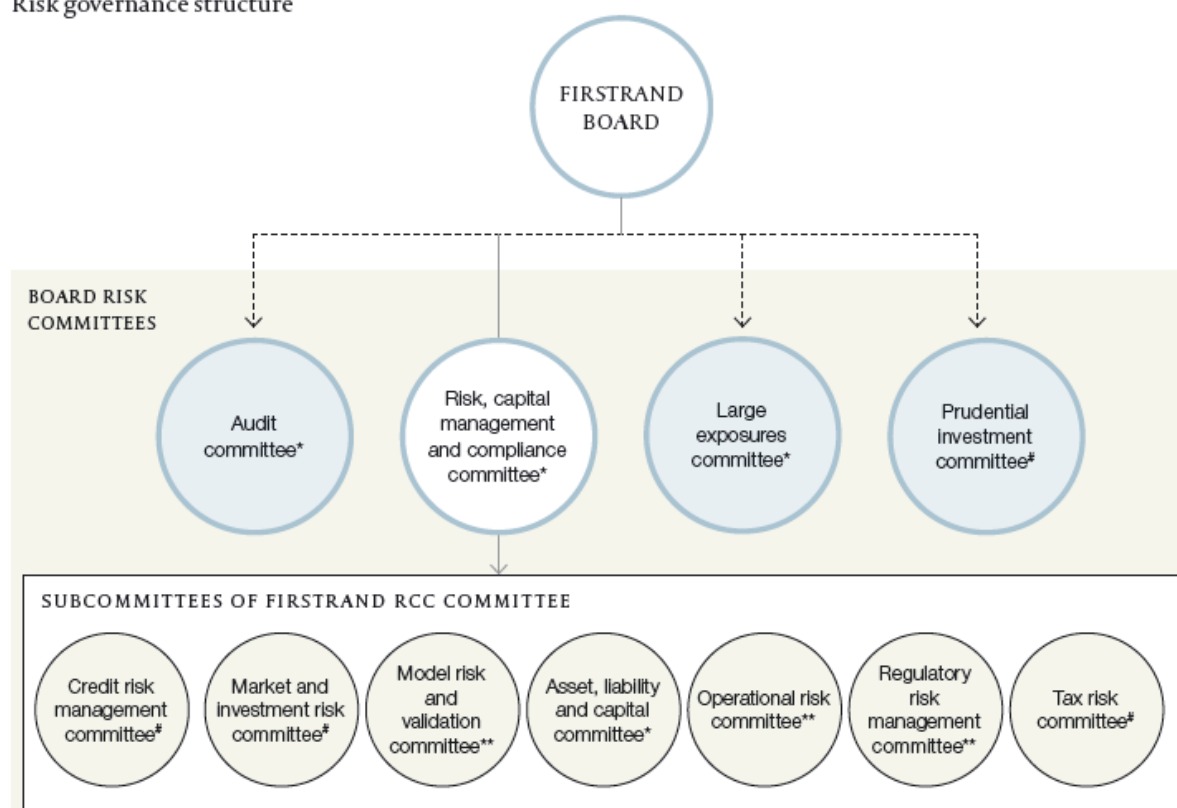
Risk governance structure

In line with the Group's corporate governance framework, the Board retains ultimate responsibility for ensuring that risks are adequately identified, measured, monitored and managed. The Group believes that a culture focused on risk paired with an effective governance structure is a prerequisite for managing risk effectively.

The risk governance structure for the Bank is set out in the business performance and risk management framework. As a policy of both the Board and the Executive Committee, it delineates the roles and responsibilities of key stakeholders in business, support and control functions across the various franchises and the Group.

The table below sets out the risk governance structure for the Group.

Risk governance structure



* Chairperson is an independent non-executive board member.

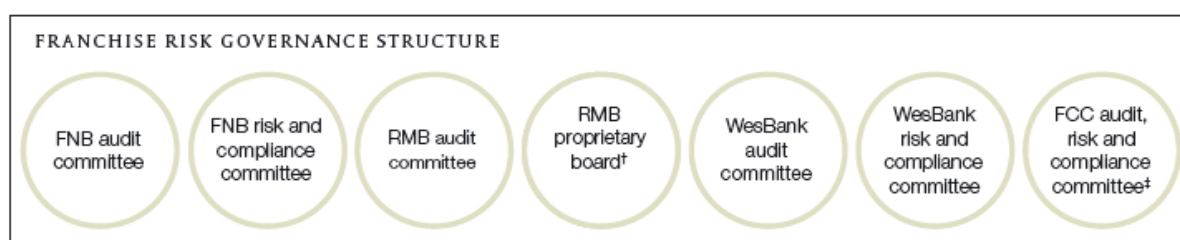
** Chairperson is an external member.

Chairperson is a member of senior executive management. The credit risk management committee has non-executive board representation.

The Board discharges its duty through relevant policies and frameworks as well as several board committees and subcommittees, as illustrated in the chart above. Although the Group and the Bank each has its own board of directors, there is a single set of governance committees for the Group and all three of its major subsidiaries (i.e. the Bank, FREMA and FRIHL.)

The primary board committee overseeing risk matters is the risk, capital management and compliance committee ("**RCC**"). It has delegated responsibility for a number of specialist topics to various subcommittees, as outlined in the previous chart. A number of the individual committees' members are non-executives, further strengthening the Group's central, independent risk oversight and control functions.

Additional risk, audit and compliance committees exist in each franchise, the governance structures of which align closely with that of the Group. The board committees are staffed by members of the respective franchise committees so as to ensure a common understanding of the challenges businesses face and how these are addressed across the Group.



[†] The RMB proprietary board is the risk and regulatory committee for RMB.

[‡] Ashburton Investments audit, risk and compliance committee is a subcommittee of FCC audit, risk and compliance committee.

The table below sets out the roles and responsibilities of the Board risk committees, the RCC Committee and its subcommittees.

Committee	Responsibility
Audit committee	<ul style="list-style-type: none"> ‣ assists the board with its duties relating to the safeguarding of assets, operation of adequate systems and controls, assessment of going concern status and ensuring that relevant compliance and risk management processes are in place; ‣ ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities (by management, internal and external assurance providers); ‣ oversees and reviews work performed by the external auditors and internal audit function; and ‣ oversees financial risks and internal financial controls including the integrity, accuracy and completeness of the integrated report, which are provided to shareholders and other stakeholders.
Risk, capital management and compliance committee	<ul style="list-style-type: none"> ‣ approves risk management policies, frameworks, strategies and processes; ‣ monitors containment of risk exposures within the risk appetite framework; ‣ report assessment of the adequacy and effectiveness of the risk appetite, risk management, ICAAP and compliance processes to the board; ‣ monitors the implementation of the risk management strategy, risk appetite limits and effectiveness of risk management; ‣ initiates and monitors corrective action, where appropriate; ‣ monitors that the Group takes appropriate action to manage its regulatory and supervisory risks and complies with applicable laws, rules, codes and standards; ‣ approves regulatory capital models, risk and capital targets, limits and thresholds; and ‣ monitors capital adequacy and ensures that a sound capital management process exists.
Large exposures committee (LEC)	<ul style="list-style-type: none"> ‣ approves credit applications or renewals in excess of 10% of the Group's qualifying capital and reserves; and ‣ delegates the mandate for approval of group and individual facilities to the FirstRand wholesale credit approval committee, commercial credit approval committee and the FirstRand retail credit policy, risk appetite committee and mandate approval (subcommittees of LEC), as appropriate.
Prudential investment committee	<ul style="list-style-type: none"> ‣ provide oversight to ensure that investment risk and transactions are carefully assessed prior to approval; and ‣ ensures investment exposures comply with FirstRand's prudential investment guidelines.

Responsibilities of the subcommittees of the RCC Committee

Committee	Responsibility
Credit risk management committee	<ul style="list-style-type: none"> ➤ approves credit risk management and risk appetite policies as well as forward looking credit risk indicators developed by the retail, commercial and corporate portfolios; ➤ independent analysis, evaluation and ongoing oversight of credit portfolio quality and performance relative to credit risk appetite thresholds; ➤ monitors quality of the in-force business, new business origination and underlying assets in the securitisation process; ➤ monitors scenario and sensitivity analysis, stress tests, credit economic capital utilisation, credit pricing and credit concentrations; ➤ ensures uniform interpretation of credit regulatory requirements and acceptable standards of credit reporting; ➤ monitors corrective actions in terms of non-adherence to the credit risk management framework based on reports by Group Internal Audit and reports to the RCC committee; and ➤ reviews credit economic conditions outlook as described in the Group's house view and ensures that business units align credit origination strategies accordingly.
Market and investment risk committee	<ul style="list-style-type: none"> ➤ approves market and investment risk management policies, standards and processes; ➤ monitors the effectiveness of market and investment risk management processes; ➤ monitors the market and investment risk profile; and ➤ approves market and investment risk-related limits.
Model risk and validation committee	<ul style="list-style-type: none"> ➤ approves or recommends for approval by the RCC committee, all material aspects of model validation work including credit ratings and estimations, internal models for market risk and advanced measurement operational risk models for the calculation of regulatory capital calculation.
Asset, liability and capital committee (ALCCO)	<ul style="list-style-type: none"> ➤ approves and monitors effectiveness of management policies, assumptions, limits and processes for liquidity and funding risk, capital risk and market risk in the banking book (interest rate risk and foreign exchange and translation risk); ➤ monitors the management of funding of the Group's balance sheet; ➤ provides governance and oversight of the level and composition of capital, and considers the supply and demand of capital across the Group; ➤ approves buffers over regulatory capital and monitors capital adequacy ratios; and ➤ approves frameworks and policies relating to internal funds transfer pricing for the Group.

Committee	Responsibility
Operational risk committee	<ul style="list-style-type: none"> ➤ provides governance, oversight and coordination of relevant operational risk management practices and initiates corrective action, where required; ➤ monitors the Group and franchise operational risk profiles against operational risk appetite; ➤ mandates the FirstRand operational risk management committee to approve operational risk-related methodologies, processes, guidelines and relevant documentation; ➤ reviews and recommends for approval by RCC committee, the Group's operational risk appetite; ➤ approves the operational risk management framework and all its subpolicies/frameworks used in the management of the different operational risk classes including fraud risk, legal risk, business resilience, information governance, information technology and physical security; ➤ monitors the formal reports of the ORC subcommittees on the effectiveness of specific operational risk classes; ➤ ensures the maintenance of an independent and appropriately skilled operational risk management function; ➤ monitors the adequate and effective implementation of the operational risk management framework across the Group and key corrective actions; and ➤ reports on material operational risk items to the RCC committee.
Regulatory risk management committee	<ul style="list-style-type: none"> ➤ approves regulatory risk management principles, frameworks, plans, policies and standards; and ➤ monitors the effectiveness of regulatory risk management across the Group and initiates corrective action where required.
Tax risk committee	<ul style="list-style-type: none"> ➤ sets tax strategy and tax risk appetite; ➤ approves the tax management frameworks and policies; and ➤ monitors tax risk assessments and profiles, compliance tax risks, corrective actions and escalation to the RCC committee, where required.

Risk governance framework

Effective risk management requires multiple points of control or safeguards that should be applied consistently at various levels throughout the organisation. There are three primary lines of control across the Group's operations:

- *First line - risk ownership* – Risk taking is inherent in the individual businesses' activities. Management carries the primary responsibility for the risks in its business, in particular with respect to identifying and managing risk appropriately and is supported in these tasks by Group Treasury in FCC;
- *Second line risk control* – Business heads are supported by deployed risk management functions that are involved in all business decisions and are represented at an executive level across all franchises. Franchise heads of risk have a direct reporting line to the Bank's Chief Risk Officer and relevant franchise CEO. Deployed risk functions are embedded in the business units. They are represented on the respective franchises' executive committees and are involved in strategy setting and business decision-making while remaining independent from a governance perspective with a primary focus on risk identification, measurement and control. Franchise and segment risk management activities are overseen by the independent, central risk control functions in FCC, namely Enterprise Risk Management ("**ERM**") and Regulatory Risk Management ("**RRM**"); and

- *Third line* - independent assurance – Group Internal Audit and external advisors provide independent and objective assurance on the adequacy and effectiveness of governance, risk management and control across the Group to the board, audit committee and regulators. These include internal audit functions at a business and at a Group level.

Risk appetite

The Group's risk appetite frames all organisational decision making and is fully integrated with the Group's strategic objectives. The risk/reward framework, which includes the risk appetite statement below, aims to ensure that the Bank maintains an appropriate balance between risk and reward. Business and strategic decisions and the setting of risk appetite are aligned to risk appetite targets to ensure they are met during normal business cycles. Therefore, at a business unit level, strategy and execution are managed through the availability and price of financial resources, earnings volatility limits and required hurdle rates.

Risk appetite statement

FirstRand's risk appetite is the aggregate level and type of risks the Group is willing and able to accept within its overall risk capacity, and is captured by a number of qualitative principles and quantitative measures. The aim is to ensure that the Group maintains an appropriate balance between risk and reward. Risk appetite limits and targets are set to ensure the Group achieves its overall strategic objectives, namely to:

- deliver long-term franchise value;
- deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility; and
- maintain balance sheet strength.

The Group's strategic objectives and financial targets frame its risk appetite in the context of risk and reward and contextualise the level of reward the Group expects to deliver to its stakeholders under normal and stressed conditions for the direct and consequential risk it assumes in the normal course of business.

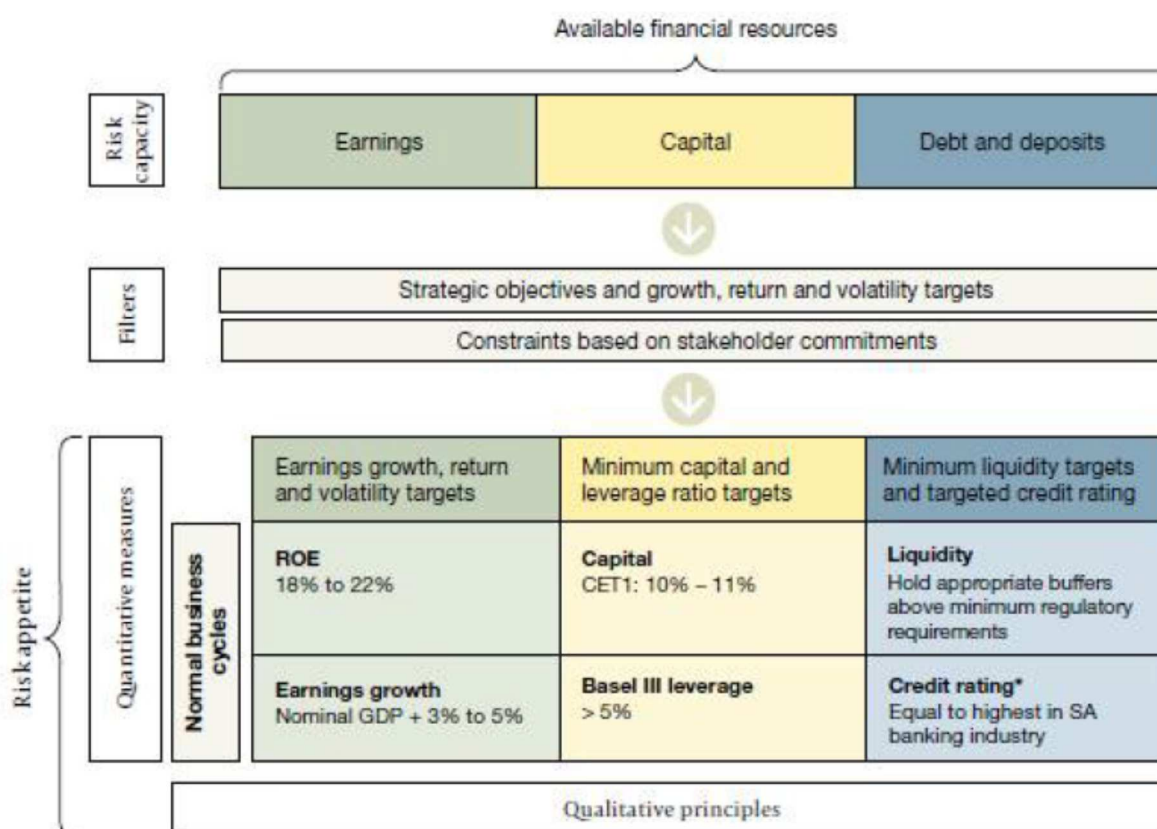
Risk capacity represents the absolute maximum level of risk the Group can technically assume given its current available financial resources, i.e. earnings, capital, debt and deposits. The Group views earnings as the primary defence against adverse outcomes. Risk capacity provides a reference for risk appetite and is not intended to be reached under any circumstances.

Risk appetite articulates what proportion of the Group's financial resources should be utilised in the execution of its strategy and is determined through consideration of a number of filters, including:

- overall strategic objectives;
- growth, volatility and return targets; and
- meeting the Group's commitments to all stakeholders including regulators, depositors, debt holders and shareholders.

Risk appetite is captured through both quantitative measures and qualitative principles, which include set objectives for the level of earnings volatility and minimum levels of capital and liquidity to be maintained during defined time horizons in normal and stressed environments within a defined level of confidence.

Process for determining risk appetite



* Refers to a rating agency's measure of a bank's intrinsic creditworthiness before considering external factors, e.g. affiliate or government support. The three major rating agencies use different terminology for this concept – Standard & Poor's, standalone credit profile; Fitch Ratings, viability rating; and Moody's, baseline credit assessment.

The qualitative principles include:

- always act with a fiduciary mindset;

- comply with prudential regulatory requirements;
- comply with the spirit and intention of accounting and regulatory requirements;
- build and maintain a strong balance sheet which reflects conservatism and prudence across all disciplines;
- no risk taking without a deep understanding thereof;
- comply with internal targets in various defined states to the required confidence interval;
- no business models with excessive gearing through either on- or off-balance sheet leverage;
- limit concentrations in risky asset classes or sectors;
- ensure the Group's sources of income remain appropriately diversified across business lines, products, markets and regions;
- manage the business on a through-the-cycle basis to ensure sustainability;
- identify, measure, understand and manage the impact of downturn and stress conditions;
- strive for operational excellence and responsible business conduct; and
- avoid reputational damage.

Application of the risk/reward framework

Risk appetite, targets and limits are used to monitor the Group's risk/reward profile on an ongoing basis. The risk/reward profile should be measured point-in-time and forward looking. Risk appetite should influence the business plans of each of the businesses and inform the risk taking activities and strategies set in each business.

The Group cascades overall appetite into targets and limits at risk type and franchise and subsequent activity level, and these represent the constraints the Group imposes to ensure its commitments are attainable. Management of risk is the responsibility of everybody across all levels of the organisation, supported through the three lines of control of risk management.

The risk/reward framework provides for a structured approach to define risk appetite, targets and limits that apply to each key resource as well as the level of risk that can be assumed in this context. The framework provides guidance on how financial resources, including risk-taking capacity, should be allocated. Although different commitments are made to various stakeholders, these are monitored

collectively. Quantitative targets and limits are augmented by a number of qualitative principles that serve to provide guidelines on boundaries for risk taking activities.

The Group employs a comprehensive, consistent and integrated approach to stress testing and scenario planning. The impact of risk scenarios on the business is evaluated and the need for adjustment to origination is considered and appropriate actions are taken. More severe scenarios are run less frequently but are critical to inform buffers, capital and liquidity planning, validate existing quantitative risk models and to understand required management action.

Stress testing and scenario planning are used to assess whether the desired profile can be delivered and whether the business stays within the constraints it has set for itself. The scenarios are based on changing macroeconomic variables, plausible event risks, and regulatory and competitive changes.

RISK PROFILE

The Group is exposed to a number of risks that are inherent in its operations. Identifying, assessing, pricing and managing these risks appropriately are core competencies of the individual business areas. The major risk types to which the Bank is exposed include:

- *Credit risk* is the risk of loss due to the non-performance of a counterparty in respect of any financial or performance obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads. Credit risk also includes credit default risk, pre-settlement risk, country risk, concentration risk and securitisation risk.
- *Counterparty credit risk* is defined as the risk of a counterparty to a contract, transaction or agreement defaulting prior to the final settlement of the transaction's cash flows.
- *Market risk in the trading book* is the risk of adverse revaluation of any financial instrument as a consequence of changes in market prices or rates.
- *Equity investment risk* - the risk of an adverse change in the fair value of an investment in a company, fund or any other financial instrument, whether listed, unlisted or bespoke.
- *Foreign exchange and translation risk in the banking book* - Foreign exchange risk is the risk of losses occurring or a foreign investment's value changing from movements in foreign exchange rates. A bank is exposed to currency risk in its net open positions in foreign currency positions and foreign investments. Translation risk is the risk associated with banks that deal in foreign currencies or hold foreign assets. The greater the proportion of asset, liability and equity classes denominated in a foreign currency, the greater the translation risk.

- Funding and liquidity risk:
- Funding liquidity risk is the risk that a bank will not be able to meet current and future cash flows and collateral requirements (expected and unexpected) without negatively affecting its reputation, daily operations and/or financial position.
- Market liquidity risk is the risk that market disruptions or lack of market liquidity will cause the bank to be unable (or able, but with difficulty) to trade in specific markets without affecting market prices significantly.
- *Interest rate risk in the banking book* is defined as the sensitivity of a bank's financial position and earnings to unexpected, adverse movements in interest rates.
- *Operational risk* is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. . It includes fraud and criminal activity (internal and external), project risk, legal risk, business continuity, information and IT risk, process and human resources risk.
- *Regulatory risk* is the risk of statutory or regulatory sanction and material financial loss or reputational damage as a result of a failure to comply with any applicable laws, regulations or supervisory requirements.
- *Strategic risk* is the risk to current or prospective earnings arising from inappropriate business decisions or the improper implementation of such decisions.
- *Business risk* is the risk to earnings and capital from potential changes in the business environment, client behaviour and technological progress. It is often associated with volume and margin risk and relates to the Bank's ability to generate sufficient levels of revenue to offset its costs. *Reputational risk* is the risk of reputational damage due to compliance failures, pending litigations or negative media coverage.
- *Environmental and social risks* focus on the environmental and social issues which impact the Bank's ability to successfully and sustainably implement its business strategy.

A comprehensive overview of the Bank's risk profile is provided in the Risk and Capital Management report in the Bank's audited non-consolidated annual report for the year ended 30 June 2014, which is incorporated by reference into this Programme Memorandum.

RELATED PARTY TRANSACTIONS

The Bank enters into banking transactions in the normal course of business with related parties.

The Bank defines related parties as:

- the parent company;
- subsidiaries and fellow subsidiaries;
- associate companies;
- joint ventures;
- associates and joint ventures of the parent company and fellow subsidiaries;
- groups that have significant influence over the parent. If an investor has significant influence over the parent, it is a related party not only of the parent but also of the subsidiaries, including the Bank. If an investor that has significant influence over the parent has subsidiaries, those subsidiaries are also related to the Bank;
- post-retirement benefit funds (pension funds);
- key management personnel, being the FirstRand Limited board of directors, the Bank's Board of directors and the Bank's Executive Committee;
- close family members of key management personnel (individual's spouse/domestic partner and children; domestic partner's children and dependants of individual or domestic partner); and
- entities controlled, jointly controlled or significantly influenced by an individual referred to in the eighth and ninth bullets above.

The following tables set out transactions with relevant related parties for the years ended 30 June 2014 and 2013, respectively.

2014						
	Parent	Entities that have significant influence over the parent and their subsidiaries	Fellow subsidiarie s	Own associate s	Associates of the parent and fellow subsidiarie s	Joint ventures of the parent and fellow subsidiarie s
<i>(R million)</i>						
Advances	–	1,488	–	33	3,574	5,375
Accounts receivable.....	–	–	–	–	247	36
Amounts due by holding company and fellow subsidiary companies.....	–	–	26,055	–	–	–
Derivative assets						
Notional amount.....	–	5	–	–	3,173	20,152
Fair value	–	–	–	–	47	82
Deposits	–	3	–	–	358	15
Accounts payable...	–	–	–	–	46	32
Amounts due to holding company and fellow subsidiary companies.....	133	–	12,159	–	–	–
Derivative liabilities						
Notional amount.....	–	1	–	–	–	–
Fair value	–	–	–	–	–	–
Guarantees received.....	–	–	–	–	4	–
Interest received ..	–	–	1,069	6	28	216
Interest paid.....	–	–	467	–	1	52
Non-interest revenue	–	19	2,695	10	202	1,168
Operating expenditure.....	–	–	785	–	536	57
Dividends paid	(4,289)	83	–	–	–	7

2013

	Parent	Entities that have significant influence over the parent and their subsidiaries	Fellow subsidiaries	Own associates	Associates of the parent and fellow subsidiaries	Joint ventures of the parent and fellow subsidiaries
						(R million)
Advances	–	1,237	–	100	1,020	3,375
Accounts receivable.....	–	–	–	–	174	37
Amounts due by holding company and fellow subsidiary companies.....	–	–	20,628	–	–	–
Derivative assets						
Notional amount.....	–	11	–	–	667	14,507
Fair value	–	–	–	–	19	79
Deposits	–	3	–	–	122	60
Accounts payable...	–	–	–	–	41	50
Amounts due to holding company and fellow subsidiary companies.....	766	–	13,762	–	–	–
Derivative liabilities						
Notional amount.....	–	27	–	–	1	–
Fair value	–	–	–	–	–	–
Guarantees received.....	–	–	–	–	–	60
Interest received ..	–	–	736	14	13	132
Interest paid.....	–	–	540	–	7	94
Non-interest revenue	–	92	1,598	–	466	1,286
Operating expenditure.....	–	–	731	–	437	11
Dividends paid	(5,710)	–	–	–	–	–

Transactions with related parties entered into by the Bank for the years ended 30 June 2014 and 2013, respectively, were made in the ordinary course of business and on arm's length terms.

OVERVIEW OF THE BANKING SECTOR IN SOUTH AFRICA

The South African banking system is well-developed and effectively regulated, comprising a central bank, several large, financially-strong banking groups and a number of smaller banks. Many foreign banks and investment institutions have also established operations in South Africa. The South African Government (the "**Government**") generally endorses the IMF and World Bank standards. South African banks are regulated by the SARB and the Basel III framework (which is being phased in by the SARB from 1 January 2013 through the Regulations Relating to Banks which replaced previous iterations of the regulations). The South African banking regulator actively participates in international regulatory and supervisory standard-setting forums at which it is represented and provides input into the continued refinement of the supervisory framework in terms of Basel III.

The National Payment System Act, 1998 (as amended) was introduced to bring the South African financial settlement system in line with international practice and systematic risk management procedures. The Payment Association of South Africa, under the supervision of the SARB, has facilitated the introduction of payment clearing house agreements. It has also introduced agreements pertaining to settlement, clearing and netting agreements, and rules to create certainty and reduce systemic and other risks in inter-bank settlement. These developments have brought South Africa in line with international inter-bank settlement practice. Electronic banking facilities are extensive, with a nationwide network of automatic teller machines and internet banking being available.

Regulation

Financial regulation legislation in South Africa is increasingly following international best practice through the accords of international bodies such as the Bank of International Settlements ("**BIS**"), the International Organisation of Securities Commissions, and the International Association of Insurance Supervisors. Banks in South Africa are governed by a comprehensive legislative framework, most significantly the Banks Act, which is primarily based on similar legislation in the United Kingdom, Australia and Canada.

South African Government Policy Priorities

During 2011, the Government issued a policy paper, "*A Safer Financial Sector to Serve South Africa Better*", which enunciates its strategic regulatory objectives. The document identifies four policy priorities to reform the financial sector, namely: financial stability; consumer protection and market conduct; expanding access of financial services through inclusion; and combating financial crime. Achieving these objectives will evidently necessitate a change in the South African regulatory landscape from both a structural and a policy perspective including the introduction of a "twin-peaks" approach to financial sector regulation in terms of which macro-prudential regulation will be mandated

separately from market conduct and consumer protection regulation. The document was followed on 1 February 2013 with a further plan titled "*Roadmap for Implementing Twin Peaks Reform*".

The introduction of a "twin-peaks" approach to financial sector regulation will primarily be aimed at the enhancement of systemic stability, improving market conduct regulation, sound micro- and macro prudential regulation and the strengthening of the operational independence, governance and accountability of regulators. The perimeters of regulation will continue to be expanded to cover all sources of systemic risk, the regulation of all private pools of capital (for example, hedge funds and over-the-counter derivatives), and unregulated financial activities such as the functioning of credit Rating Agencies (now regulated by the Credit Rating Services Act, 2012).

To pave the way for the phasing-in of the "twin peaks" model, the Financial Services Laws General Amendment Act, 2013 (the "**Amendment Act**") has recently been enacted by Parliament. The Amendment Act took effect for the most part on 28 February 2014, with only particular provisions singled out for commencement at a later date. The Amendment Act contains a raft of amendments to eleven key pieces of financial sector legislation, and seeks to ensure that South Africa has a sounder and better-regulated financial services industry which promotes financial stability by strengthening the financial sector regulatory framework, enhancing the supervisory powers of the regulators and enhancing the powers of the Government to address potential risks to the financial system even during the transition to the twin peaks system. The memorandum published together with the Amendment Act makes it clear that the Amendment Act does not cover the more fundamental reforms envisaged in the shift towards a twin peaks model of financial regulation, but rather addresses the more urgent legislative gaps and the removal of inconsistencies in current legislation.

Rather, it appears that the twin peaks model will be introduced in phases through, amongst others, the Financial Sector Regulation Bill, 2013. A draft bill (the "**Draft Bill**") was published by National Treasury for public comment at the end of 2013. According to the explanatory memorandum published together with the Draft Bill, such Draft Bill is intended to be the first in a series of bills that will give effect to the Government's decision to implement the "twin-peaks" model of financial regulation (discussed above) with a view to ensuring that the sector is safer and more effective. The Draft Bill reflects the Government's undertaking to eliminate lending malpractices, protect customers and reduce systemic risk through increased market conduct regulation. It is envisaged that a new financial market conduct regulator (referred to as the Market Conduct Authority in the Draft Bill) will be appointed with a purview over the full range of financial services related matters, such as the regulation of banking charges. The Market Conduct Authority (in contrast to the Prudential Authority which will be responsible for the oversight of the safety and soundness of banks, insurers and financial conglomerates), will be mandated to protect customers of financial services, improve the way in which financial service providers conduct their business, ensure that the integrity and efficiency of the financial markets is maintained, and promote effective financial consumer education.

The period for public consultation on the initial draft of the Draft Bill closed in early 2014. On 12 December 2014, the Minister of Finance published a revised draft of the Draft Bill which takes account of input received during the initial public consultation process, together with a draft market conduct policy framework (the "**Draft MCA Framework**") for public comment. Comments on the revised Draft Bill will need to be submitted by 2 March 2015, with feedback on the Draft MCA Framework to be submitted by 8 April 2015. The revised Draft Bill includes provisions which enable the new regulatory authorities to supervise and enforce financial sector laws and regulations in pursuit of their objectives and issue to standards to be followed by the financial institutions concerned. The revised Draft Bill also seeks, *inter alia*, to (i) clarify the role the National Credit Regulator will play under the new "twin peaks" model of financial sector regulation, (ii) better align governance arrangements for the new regulatory authorities, (iii) clarify the powers of the SARB in the context of "twin peaks" model, (iv) introduce a legal framework for the regulation and supervision of financial groups, (v) strengthen the ombuds system, (vi) harmonise the licensing process, (vii) strengthen customer complaints procedures and appeal mechanism, and (viii) improve the financial services sector's approach to providing consumer advice and education.

In mid-2014 the Minister reiterated earlier statements to the effect that Government intended to provide a framework for the new Prudential Authority and Market Conduct Authority to begin their work in early 2015, but given the somewhat delayed publication of the Draft MCA Framework and a statement in National Treasury's media release published together with the revised Draft Bill that a third version of the Draft Bill is only expected to be published for tabling in Parliament before the end of June 2015, it is unlikely that either new authority will commence its operations before late 2015.

The current legislative framework that underpins market conduct and consumer protection includes the following legislation: Financial Advisory and Intermediary Services Act, 2002, the CPA, the NCA as well as a comprehensive set of principles relating to Treating Customers Fairly as released by the Financial Services Board under its Discussion Paper (April 2010) and Treating Customers Fairly – The Roadmap (March 2011).

Anti-money laundering regulations

The Government has identified the combating of financial crime as policy priority. South Africa has a well-established anti-money laundering ("**AML**") and counter terror financing ("**CTF**") legislative framework (which includes but is not limited to the Financial Intelligence Centre Act, 2001 as amended). The mutual evaluation report issued by the Financial Action Task Force – an inter-governmental body whose purpose is the development and promotion of national and international AML and CTF policies – confirmed that South Africa has demonstrated a strong commitment to implementing AML/CTF systems facilitated by close cooperation and coordination among a variety of government departments and agencies. The authorities have sought to construct a system which uses, as its reference, the relevant United Nations Conventions and the international standards as set

out by the Financial Action Task Force. The Government also recognises the importance of being able to respond effectively to international instruments such as sanctions resolutions.

The South African banking regulator strives to maintain an effective compliance framework and operational capacity to oversee compliance by banks with AML and CTF standards. The banking regulator co-operates with the South African Financial Intelligence Centre (the "**FIC**") by helping to ensure compliance with FIC guidance notes, circulars and other announcements by banks. The Issuer has implemented an AML framework which includes CTF policies and takes measures to effect continuous improvement in its processes to address the global AML and CTF risks.

South African Reserve Bank

The SARB is responsible for bank regulation and supervision in South Africa with the purpose of achieving a sound, efficient banking system in the interest of the depositors of banks and the economy as a whole. The SARB holds various international memberships including the G-20, the International Monetary Fund ("**IMF**"), the BIS and the Committee of Central Bank Governors in the Southern African Development Community. The SARB serves on various BIS committees including the Basel Committee and the Committee on Payments and Settlement Systems. The SARB performs its function as banking regulator through its Bank Supervision Department, which issues banking licences to institutions and supervises their activities under the applicable legislation. The Registrar of Banks has extensive regulatory and supervisory powers. Every bank is obliged to furnish certain prescribed returns to the Banking Supervision Department in order to enable the banking regulator to monitor compliance with the various prudential and other regulatory requirements imposed on banks in terms of the Banks Act and the Regulations Relating to Banks. The Registrar of Banks acts with relative autonomy in the execution of his duties and reports annually to the Minister of Finance on his activities, who in turn has to table a copy of the said report in Parliament.

In terms of the Banks Act, the Bank Supervision Department of the SARB, among other things, supervises banking groups on a consolidated basis from the bank controlling company downwards. In this regard, controlling companies of banks are required to submit, on a quarterly basis, a consolidated supervision return which includes information on all of the entities within that banking group that potentially constitute a material or significant risk to that banking group. The return covers issues such as group capital adequacy, group concentration risk, intra-group exposures and group currency risk. Moreover, a bank controlling company is also required to furnish the regulator, on a quarterly basis, with bank consolidated and group consolidated information which includes a detailed balance sheet, an off-balance sheet activities return and an income statement.

A banking group is required to satisfy the regulator's requirements in respect of the adequacy and effectiveness of its management systems for monitoring and controlling risks, including those in its offshore operations, and the integrity of its accounting records and systems. Banking groups are

required to comply with the provisions of the Banks Act as well as with all financial and prudential requirements, including minimum capital and liquidity requirements, which are actively monitored by the banking regulator. In addition, banking groups have to satisfy the banking regulator's requirements pertaining to issues such as overall financial soundness worldwide, including the quality of its loan assets and the adequacy of its provisioning policy. As part of its supervisory process, the banking regulator undertakes on-site and off-site examinations. The banking supervisor seeks to apply the Core Principles for Effective Banking Supervision as issued by the Basel Committee.

The Issuer, as a bank, is supportive of the SARB's objectives and endorses improvements in risk management and governance practices as an active participant in the new regulatory landscape. The same approach is also applied in respect of the Issuer's cooperation with other regulatory authorities and much effort and resources are dedicated in a cost-efficient manner in order to reap maximum benefits emanating from the implementation of best practice and the resultant enablement of its global business activities.

Currently the banking industry works within a three-tiered framework:

- (a) the Banks Act (effecting changes to the Banks Act requires Parliamentary approval);
- (b) the South African Regulations Relating to Banks (changes to the Regulations require the approval of the South African Minister of Finance); and
- (c) Banks Act circulars, directives and guidance notes:
 - (i) circulars may be issued by the Registrar of Banks to furnish banks with guidelines regarding the application and interpretation of the provisions of the Banks Act;
 - (ii) guidance notes may be issued by the Registrar of Banks in respect of market practices or market and industry developments; and
 - (iii) directives may be issued by the Registrar of Banks, after consultation with the relevant parties, regarding the application of the Banks Act. It is obligatory for banks to comply with such directives.

The Banks Act and Regulations Relating to Banks, circulars, guidance notes and directives issued by the Registrar of Banks set out the framework governing the formal relationship between South African banks and the Bank Supervision Department of the SARB. The Issuer and representatives of the office of the Registrar of Banks meet on a regular basis. These meetings include, *inter alia*, bilateral meetings (between the Issuer's board of directors and the Bank Supervision Department of the SARB), annual trilateral meetings (between the Issuer's Audit Committee, the Bank Supervision Department of the SARB and the Issuer's auditors) and prudential meetings (which usually include

meetings with risk management executives and the heads of each of the Issuer's business divisions). The Issuer also engages in frequent on-site reviews conducted by representatives and supervisory teams of the office of the Registrar of Banks.

In response to fundamental weaknesses in international financial markets revealed by the recent global financial crisis, a large volume of new regulatory and supervisory standards and requirements were issued by international standard-setting bodies such as the Basel Committee. The incorporation of the changes and enhancements into the domestic regulatory framework requires an ongoing review of South African banking legislation and regulatory requirements in order to ensure the appropriate alignment of the regulatory framework with international standards. In this regard, both the Banks Act and the Regulations Relating to Banks are amended from time to time. As an example, the implementation of Basel III (which commenced on 1 January 2013 and will continue up to 2018 in line with the timelines determined by the Basel Committee), necessitated, and will require certain further amendments to the legal framework for the regulation and supervision of banks in South Africa.

The Issuer's relationship with the office of the Registrar of Banks is managed by a dedicated regulatory risk management department (which reports to the CEO's office) to ensure open, constructive and transparent lines of communication. Meetings, updates, trends and strategies are reported to the Registrar of Banks on a regular basis. The Issuer also employs a senior, independent compliance officer to ensure adherence to the applicable legislation.

The Issuer views its relationship with the Registrar of Banks as being of the utmost importance and it is committed to fostering sound banking principles for the industry as a whole. In this regard, the Issuer is a member of the Banking Association of South Africa, whose role is to establish and maintain the best possible platform on which banking groups can conduct competitive, profitable and responsible banking.

Current Environment

As at 30 June 2014, there were 10 (ten) registered banks with local control, 3 (three) mutual banks, 14 (fourteen) local branches of foreign banks and 43 (forty-three) foreign banks with approved representative offices in South Africa. The five largest commercial banks by assets (Source: BA900, 30 June 2014) are Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited, which continue to consolidate their position in the retail market (accounting for some 84% (eighty four percent) of deposits and 83% (eighty three percent) of total assets). Investment and merchant banking remains the most competitive sector in the industry. According to the SARB, the banking sector in South Africa had total assets of ZAR4.19 trillion as at 30 June 2014 (Source: BA900, 30 June 2014).

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Words used in this section headed "Settlement, Clearing and Transfer of Notes" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Notes listed on the Interest Rate Market of the JSE and/or held in the CSD

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE will be held in the CSD. A Tranche of unlisted Notes may also be held in the CSD.

Clearing systems

Each Tranche of Notes listed on the Interest Rate Market of the JSE and/or unlisted Notes that are held in the CSD will be issued, cleared and settled in accordance with the rules and operating procedures for the time being of the JSE and the CSD through the electronic settlement system of the CSD. Such Notes will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD.

The CSD has, as the operator of an electronic clearing system, been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the JSE. Subject as aforesaid, each Tranche of Notes which is listed on the Interest Rate Market of the JSE and/or unlisted Notes that are held in the CSD will be issued, cleared and transferred in accordance with the Applicable Procedures and the Terms and Conditions, and will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the CSD. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealer(s).

Participants

The CSD maintains accounts only for Participants. As at the date of the Programme Memorandum, the Participants which are approved by the CSD, in terms of the rules of the CSD, and who act as settlement agents to perform electronic settlement of funds and scrip include (but are not limited to) FirstRand Bank Limited, Nedbank Limited, Citibank N.A., South Africa branch, Standard Chartered Bank, Johannesburg branch, Société Générale, Johannesburg branch. The Standard Bank of South Africa Limited and the SARB. Euroclear, as operator of the Euroclear System, and Clearstream will settle off-shore transfers in the Notes through their Participants.

Settlement and clearing

Participants will be responsible for the settlement of scrip and payment transfers through the CSD, the JSE and the SARB.

While a Tranche of Notes is held in its entirety in the CSD, the CSD's Nominee, a wholly-owned subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Financial Markets Act, and any reference to "CSD's Nominee" shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Financial Markets Act, will be named in the Register as the sole Noteholder of the Notes in that Tranche. All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Notes.

In relation to each person shown in the records of the CSD or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of Notes, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the Nominal Amount of such Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest. The CSD's Nominee (as the registered Noteholder of such Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Notes for all purposes.

Payments of all amounts in respect of a Tranche of Notes which is listed on the Interest Rate Market of the JSE and held in the CSD will be made to the CSD's Nominee, as the registered Noteholder of such Notes, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the CSD or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Notes shall look solely to the CSD or the relevant Participant, as the case may be, for such person's share of each payment so made by (or on behalf of) the Issuer to, or for the order of, the CSD's Nominee, as the registered Noteholder of such Notes.

Payments of all amounts in respect of a Tranche Notes which is listed on the Interest Rate Market of the JSE and held in the CSD will be recorded by the CSD's Nominee, as the registered Noteholder of such Notes, distinguishing between interest and principal, and such record of payments by the CSD's Nominee, as the registered Noteholder of such Notes, shall be *prima facie* proof of such payments.

Transfers and exchanges

Title to Beneficial Interests held by clients of Participants indirectly through such Participants will pass on transfer thereof by electronic book entry in the securities accounts maintained by such Participants for such clients. Title to Beneficial Interests held by Participants directly through the CSD will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for

such Participants. Beneficial Interests may be transferred only in accordance with the Applicable Procedures.

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 12.1 (*Exchange of Beneficial Interests*).

Records of payments, trust and voting

Neither the Issuer nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. None of the Issuer, the Paying Agent or the Transfer Agent will be bound to record any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

BESA Guarantee Fund Trust

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of the Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE.

Notes listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE

Each Tranche of Notes which is listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE will be issued, cleared and settled in accordance with the rules and settlement procedures for the time being of that Financial Exchange. The settlement and redemption procedures for a Tranche of Notes which is listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

SUBSCRIPTION AND SALE

Words used in this section headed "Subscription and Sale" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Dealers have in terms of the programme agreement dated on or about the date of this Programme Memorandum, as may be amended, supplemented or restated from time to time (the "**Programme Agreement**"), agreed with the Issuer a basis upon which they may from time to time agree to subscribe for Notes or procure the subscription of the Notes.

Selling restrictions

South Africa

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that it will not solicit any offers for subscription for or sale of the Notes in that Tranche, and will itself not sell the Notes in that Tranche of Notes, in South Africa, in contravention of the Companies Act, the Banks Act, the Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

United States of America: Regulation S, Category 2

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the regulations thereunder.

Each Dealer has agreed that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 (forty) days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States

or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 (forty) days after the commencement of the offering of any Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

General

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to agree that:

- (a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures the subscription for, offers or sells Notes in that Tranche or has in its possession or distributes the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscription, offers or sales; and
- (b) it will comply with such other or additional restrictions as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement.

Neither the Issuer nor any of the Dealers represent(s) that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assume(s) any responsibility for facilitating such subscription or sale.

SOUTH AFRICAN TAXATION

Words used in this section headed "South African Taxation" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The following is a general description of certain aspects of current South African tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in that country or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Programme Memorandum and is subject to any change in law that may take effect after such date.

Withholding Tax

Under current taxation law in South Africa, all payments made under the Notes to resident and non-resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges in South Africa. However, there will be a withholding tax ("**WHT**") on interest payments to non-residents at 15% (fifteen percent), subject to any relief available under a double taxation agreement, proposed to be effective from 1 March 2015 and applicable to interest that is paid or that becomes due and payable on or after 1 March 2015. This WHT will apply to interest which is sourced in South Africa (refer below).

There are exemptions, which extend to any interest paid by any South African bank, excluding "back to back" arrangements between non-residents and a South African bank. As the Issuer is a South African bank, the interest paid by it will not attract WHT. In addition, interest paid in respect of any debt listed on a recognised exchange will also be exempt from the WHT. The interest rate market of the JSE Limited is a recognised exchange. On this basis the interest paid on the Notes would also qualify for this exemption from the WHT.

Securities Transfer Tax (STT)

No STT is payable on the issue or transfer of Notes (bonds) under the South African Securities Transfer Tax Act, No. 25 of 2007, because they do not constitute securities for the purposes of that Act.

Value-Added Tax (VAT)

No VAT is payable on the issue or transfer of Notes.

Notes (bonds) constitute "*debt securities*" as defined in section 2(2)(iii) of the Value-Added Tax Act, No. 89 of 1991. The issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security is a financial service, which is exempt from VAT in terms of section 2(1)(d) read with section 12(a) of that Act.

Commissions, fees or similar charges raised for the facilitation of these services will however be subject to VAT at the standard rate (currently 14% (fourteen percent)), except where the recipient is a non-resident in which case such commissions, fees or similar charges may be subject to VAT at a zero rate.

Income Tax

Under current taxation law effective in South Africa, a "*resident*" (as defined in section 1 of the Income Tax Act) is subject to income tax on his/her world-wide income. Accordingly, all Noteholders who are "*residents*" of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of interest) earned pursuant to the Notes.

Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty). Interest income is from a South African source if it is attributable to an amount incurred by a person that is a resident, unless the interest is attributable to a permanent establishment which is situated outside South Africa; or derived from the utilisation or application in South Africa by any person of funds or credit obtained in terms of any form of "interest-bearing arrangement". The Issuer is a resident of South Africa and the Notes will constitute an "interest-bearing arrangement". Accordingly, if the Notes are not attributable to a permanent establishment of the Issuer outside South Africa or the funds raised from the issuance of any Tranche of Notes are applied by the Issuer in South Africa, the interest earned by a Noteholder will be from a South African source and subject to South African income tax, unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 24J of the Income Tax Act, any discount or premium to the Nominal Amount of a Note is treated as part of the interest income on the Note. Interest income which accrues (or is deemed to accrue) to a Noteholder is deemed, in accordance with section 24J of the Income Tax Act, to accrue on a day-to-day basis until that Noteholder disposes of the Note or until maturity, unless an election has been made by the Noteholder (if the Noteholder is entitled under Section 24J(9)¹ of the Income Tax Act to make such election) to treat its Notes as trading stock on a mark-to-market basis. This day-

¹ The provisions of section 24J(9) of the Income Tax Act will not apply to a company which is a "covered person" as defined in the Income Tax Act during any year of assessment ending on or after 1 April 2014, and in respect of any other company during any year of assessment commencing on or after 1 April 2014

to-day basis accrual is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period. The amount of interest income deemed to accrue to a Noteholder in terms of section 24J of the Income Tax Act may qualify for the exemption under section 10(1)(h) of the Income Tax Act (see below).

Section 24JB of the Income Tax Act, deals with the fair value taxation of financial instruments for certain "covered persons" (as defined thereunder) and applies with effect from 1 January 2014 in respect of years of assessment ending on or after 1 January 2014. Noteholders should seek advice as to whether these provisions may apply to them.

Under section 10(1)(h) of the Income Tax Act, interest received by or accruing to a Noteholder who, or which, is not a resident of South Africa, will be exempt from income tax, unless that person:

- (a) is a natural person who was physically present in South Africa for a period exceeding 183 (one hundred and eighty three) days in aggregate during the 12 (twelve) month period preceding the date on which the interest is received or accrues by or to that person;² or
- (b) at any time during the 12 (twelve) month period preceding the date on which the interest is received or accrues by or to that person, carried on business through a permanent establishment in South Africa.³

If a Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, exemption from, or reduction of, any South African tax liability may be available under an applicable double taxation treaty. Furthermore, certain entities may be exempt from South African income tax. Purchasers are advised to consult their own professional advisers as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable double taxation treaty.

Section 8F of the Income Tax Act applies to "hybrid debt instruments", and section 8FA of the Income Tax Act applies to "hybrid interest". Section 8F and 8FA provide that interest incurred on a hybrid debt instrument and hybrid interest are, for purposes of the Income Tax Act, deemed to be a dividend *in specie*. If either of these provisions apply the tax treatment of the interest will differ from what is set out above and such payments may be subject to dividends tax as a result of the deemed classification

² This exemption will be amended with effect from 1 January 2015 and applicable in respect of amounts received or accrued on or after that date. In particular, interest received by or accruing to a Noteholder who, or which, is not a resident of South Africa during any year of assessment, will be exempt from income tax unless that person is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve-month period preceding the date on which the interest is received or accrues by or to that person.

³ This exemption will be amended with effect from 1 January 2015 and applicable in respect of amounts received or accrued on or after that date. In particular, interest received by or accruing to a Noteholder who, or which, is not a resident of South Africa during any year of assessment, will be exempt from income tax unless the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

as dividends *in specie*. These provisions apply from 1 April 2014 in respect of amounts incurred on or after this date.

Both section 8F and 8FA contain exemptions for a Tier 1 or Tier 2 capital instrument referred to in the regulations issued in terms of section 90 of the Banks Act issued by a bank as defined in the Bank Act. To the extent that sections 8F and/or 8FA apply to the Notes, then the abovementioned exemptions should apply to the Notes to the extent that the Notes constitute Tier 1 or Tier 2 capital instruments referred to in the regulations issued in terms of the Banks Act, and on the basis that the Issuer is a bank as defined in the Banks Act.

Capital Gains Tax

Capital gains and losses of residents of South Africa on the disposal of Notes are subject to South African capital gains tax, unless the Notes are purchased for re-sale in the short term at a profit or as part of a scheme of profit making, in which case the proceeds will be subject to South African income tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes, under section 24J of the Income Tax Act will not be taken into account when determining any capital gain or loss.

Under section 24J(4A) of the Income Tax Act a loss on disposal will, to the extent that it has previously been included in taxable income (as interest), be allowed as a deduction from the taxable income of the holder when it is incurred and accordingly should not give rise to a capital loss.

The capital gains tax provisions would not apply to the extent that the Noteholder constitutes a covered person and section 24JB applies to the Note.

Capital gains tax under the Eighth Schedule to the Income Tax Act will not be levied in relation to Notes disposed of by a person who is not a resident of South Africa unless the Notes disposed of are attributable to a permanent establishment of that person in South Africa.

Purchasers are advised to consult their own professional advisers as to whether a disposal of Notes will result in a liability to capital gains tax.

Definition of interest

Unless otherwise stated, the references to "*interest*" above mean "*interest*" as understood in South African tax law. The statements above do not take any account of any different definitions of "*interest*" or "*principal*" which may prevail under any other law or which may be created by the Terms and Conditions of the Notes or any related documentation.

SOUTH AFRICAN EXCHANGE CONTROL

Words used in this section headed "South African Exchange Control" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The information below is intended as a general guide to the position under the Exchange Control Regulations as at the date of the Programme Memorandum. The contents of this section headed "South African Exchange Control" do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisors in this regard.

Non-South African resident Noteholders and emigrants from the Common Monetary Area

Dealings in the Notes and the performance by the Issuer of its obligations under the Notes and the applicable Terms and Conditions may be subject to the Exchange Control Regulations.

Blocked Rand

Blocked Rand may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with Blocked Rand may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account.

Emigrants from the Common Monetary Area

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed "emigrant". Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

In the event that a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the CSD, the securities account maintained for such emigrant by the relevant Participant will be designated as an "emigrant" account.

Any payments of interest and/or principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder's Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

Non-residents of the Common Monetary Area

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed “non-resident”. In the event that a Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area through the CSD, the securities account for such Noteholder by the relevant Participant will be designated as a “non-resident” account.

It will be incumbent on any such non-resident Noteholder to instruct the non-resident’s nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Individual Certificate has been endorsed “non-resident” or the relevant securities account has been designated as a “non-resident” account, as the case may be.

Exchange control – Issuer

As at the date of this Programme Memorandum, the Issuer does not require exchange control approval for this Programme.

GENERAL INFORMATION

Words used in this section headed "General Information" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Authorisation

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa as at the date of this Programme Memorandum have been given for the establishment of the Programme and the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Memorandum and the Notes.

Listing

The Programme Memorandum has been approved by the JSE. Notes to be issued under the Programme may be listed on the Interest Rate Market of the JSE or any other Financial Exchange.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer as set out at the end of this Programme Memorandum:

- (a) all amendments and supplements to this Programme Memorandum prepared by the Issuer from time to time;
- (b) in respect of any issue of Notes under the Programme, the audited annual financial statements (including, where applicable, the audited interim financial statements), together with such statements, reports and the notes attached to or intended to be read with such financial statements thereto, of the Issuer for its three financial years prior to the date of such issue;
- (c) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme;
- (d) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which is electronically submitted by the Securities Exchange News Service ("**SENS**"), or any other similar service, established by the JSE. This Programme Memorandum will be available on the JSE website, www.jse.co.za, and the audited annual financial statements of the Issuer and this Programme Memorandum are also available on the

Issuer's website, www.firststrand.co.za.

Material Change

As at the date of this Programme Memorandum, and after due and careful enquiry, there has been no material change in the financial or trading position of the Issuer since the date of the Issuer's latest audited financial statements. As at the date of this Programme Memorandum, there has been no involvement by the auditors in making the aforementioned statement.

Litigation

Save as disclosed in this Programme Memorandum, neither the Issuer nor any of its respective consolidated Subsidiaries is or has been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a significant effect on the financial position of the Issuer or its consolidated Subsidiaries.

Auditors

PriceWaterhouseCoopers Inc. and Deloitte & Touche have acted as the auditors of the financial statements of the Issuer for the financial years ended 30 June 2014, 2013 and 2012 and, in respect of those years, have issued unqualified audit reports.

Use of Proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the Applicable Pricing Supplement.

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